PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 24, 2020

NEW ISSUE **Moody's Rating: Requested**
NOT BANK QUALIFIED **S&P Rating: Requested**

In the opinion of Gilmore & Bell, P.C. Bond Counsel to the PBC, under existing law and assuming continued compliance with certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"): (1) the interest on the PBC Series 2020C Bonds [(including any original issue discount properly allocable to an owner thereof)] is excludable from gross income for federal income tax purposes and not an item of tax preference for purposes of the federal alternative minimum tax; (2) interest on the PBC Series 2020C Bonds is exempt from income taxation by the State of Kansas; and (3) the PBC Series 2020C Bonds have not been designated as "qualified tax-exempt obligations" within the meaning of Code § 265(b)(3). See "TAX MATTERS" herein.

$6,175,000*

Public Building Commission of Johnson County, Kansas

Lease Purchase Revenue Bonds
(Central Resource Library Project), Series 2020C

(Book Entry Only)

Dated Date: Date of Delivery **Interest Due: Each March 1 and September 1, commencing September 1, 2021**

The PBC Series 2020C Bonds (as defined herein) will mature on September 1 in the years and amounts* as follows:

2021	$280,000	2025	$280,000	2029	$300,000	2033	$315,000	2037	$345,000
2022	$265,000	2026	$285,000	2030	$300,000	2034	$320,000	2038	$350,000
2023	$270,000	2027	$290,000	2031	$305,000	2035	$330,000	2039	$360,000
2024	$275,000	2028	$295,000	2032	$310,000	2036	$335,000	2040	$365,000

A bidder may elect to have all or a portion of the PBC Series 2020C Bonds scheduled to mature in consecutive years issued as term bonds (the "Term Bonds") scheduled to mature in the latest of said consecutive years and subject to mandatory redemption requirements consistent with the schedule of serial maturities set forth above, subject to the following conditions: (a) not less than all PBC Series 2020C Bonds of the same serial maturity shall be converted to Term Bonds with mandatory redemption requirements; and (b) a bidder shall make such an election by completing the applicable paragraph on the Official Bid Form or completing the applicable information on PARITY®.

The Public Building Commission of Johnson County, Kansas (the "PBC") may, upon instructions from the County, elect on September 1, 2029, and on any date thereafter, to prepay the PBC Series 2020C Bonds due on or after September 1, 2030 at a price of par plus accrued interest. The PBC Series 2020C Bonds are also subject to extraordinary optional redemption, in whole or in part, in certain cases of damage, destruction, or condemnation. See "The PBC Series 2020C Bonds – Redemption Provisions" herein.

The PBC Series 2020C Bonds are being issued pursuant to a Trust Indenture dated as of November 1, 2014, as amended and supplemented, including the Third Supplemental Trust Indenture dated as of November 1, 2020 (collectively, the "Indenture") between the PBC and Security Bank of Kansas City, Kansas City, Kansas (the "Trustee"). The PBC has previously issued its Lease Purchase Revenue Bonds (Library Projects), Series 2014B (the "PBC Series 2014B Bonds"), and its Lease Purchase Revenue Bonds (Library Projects), Series 2016A (the "PBC Series 2016A Bonds"), under the Indenture. The PBC Series 2014B Bonds, the PBC Series 2016A Bonds, the PBC Series 2020C Bonds and any Additional Bonds issued under the Indenture (collectively, the "Library Bonds") are parity bonds, as to security and source of payment.

The Library Bonds, including the PBC Series 2020C Bonds, and the interest thereon will constitute special obligations of the PBC, payable solely from, and secured as to the payment of principal and interest by a pledge of the Trust Estate established under the Indenture (the "Trust Estate"), which includes the net earnings and revenues of the Facility, including, but not limited to, the rents, revenues and receipts received by the PBC under the First Amended and Restated Lease dated as of October 1, 2016, as amended by the First Amendment to First Amended and Restated Lease dated as of November 1, 2020 (collectively, the "Lease"), entered into between the PBC, as lessor, and Johnson County, Kansas (the "County"), as lessee. The Library Bonds are expected to be paid from rental payments made by the Board of Directors of the Johnson County Library (the "Library Board") under the terms and conditions of the First Amended and Restated Sublease, dated as of October 1, 2016, as amended by the First Amendment to First Amended and Restated Sublease dated as of November 1, 2020 (collectively, the "Sublease") by and between the County, as lessor, and the Library Board, as lessee. The rental payments under the Sublease are not pledged to repayment of the Library Bonds.

THE PBC SERIES 2020C BONDS DO NOT CONSTITUTE GENERAL OBLIGATIONS OF THE COUNTY NOR SHALL THEY CONSTITUTE OBLIGATIONS OR OTHER INDEBTEDNESS OF THE PBC OR THE COUNTY WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION. THE PBC HAS NO TAXING POWER.

Bids shall be for not less than $6,175,000 (Par) plus accrued interest, if any, on the total principal amount of the PBC Series 2020C Bonds. Bidders shall specify rates in integral multiples of 1/100 or 1/8 of 1%. **No interest rate shall exceed a rate equal to the daily yield for the 10-year Treasury Bonds as published by The Bond Buyer in New York, New York, on the Monday preceding the day on which the PBC Series 2020C Bonds are sold, plus 3%.** The initial offering price to the public for each maturity must be 98.0% or greater. Following receipt of bids, a good faith deposit will be required to be delivered to the PBC by the lowest bidder as described in the "Notice of Bond Sale" herein. The award of the PBC Series 2020C Bonds will be made on a True Interest Cost (TIC) basis (see "Notice of Bond Sale" herein).

The PBC Series 2020C Bonds will be issued as fully registered bonds without coupons and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). DTC will act as securities depository for the PBC Series 2020C Bonds. Individual purchases may be made in book-entry form only, in the principal amount of $5,000 and integral multiples thereof. Investors will not receive physical certificates representing their interest in the PBC Series 2020C Bonds purchased. (See "Book Entry System" herein.) The PBC has named the Trustee as Registrar/Paying Agent for the PBC Series 2020C Bonds. The PBC Series 2020C Bonds will be available for delivery at DTC on or about November 10, 2020.

BIDS RECEIVED: Wednesday, October 14, 2020 until 11:00 A.M., Central Time
CONSIDERATION OF AWARD: Board meeting commencing at 9:45 A.M., Central Time on Thursday, October 15, 2020

bakertilly
MUNICIPAL ADVISORS

Further information may be obtained from Baker Tilly Municipal Advisors, LLC, 380 Jackson Street, Suite 300, Saint Paul, Minnesota 55101-2887 (651) 223-3000.

* *Preliminary; subject to change.*

For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission, this document, as the same may be supplemented or corrected by the PBC from time to time, may be treated as a Preliminary Official Statement with respect to the PBC Series 2020C Bonds described herein that is deemed final as of the date hereof (or of any such supplement or correction) by the PBC.

By awarding the PBC Series 2020C Bonds to any underwriter or underwriting syndicate submitting a Bid therefor, the PBC agrees that, no more than seven business days after the date of such award, it shall provide without cost to the senior managing underwriter of the syndicate to which the PBC Series 2020C Bonds are awarded copies of the Final Official Statement in the amount specified in the Notice of Bond Sale.

No dealer, broker, salesman or other person has been authorized by the PBC to give any information or to make any representations with respect to the PBC Series 2020C Bonds, other than as contained in the Preliminary Official Statement or the Final Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by the PBC.

Certain information contained in the Preliminary Official Statement or the Final Official Statement may have been obtained from sources other than records of the PBC and, while believed to be reliable, is not guaranteed as to completeness or accuracy. THE INFORMATION AND EXPRESSIONS OF OPINION IN THE PRELIMINARY OFFICIAL STATEMENT AND THE FINAL OFFICIAL STATEMENT ARE SUBJECT TO CHANGE, AND NEITHER THE DELIVERY OF THE PRELIMINARY OFFICIAL STATEMENT NOR THE FINAL OFFICIAL STATEMENT NOR ANY SALE MADE UNDER EITHER SUCH DOCUMENT SHALL CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE PBC SINCE THE RESPECTIVE DATE THEREOF.

References herein to laws, rules, regulations, resolutions, agreements, reports and other documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made herein. Where full texts have not been included as appendices to the Preliminary Official Statement or the Final Official Statement, they will be furnished upon request.

Any CUSIP numbers for the PBC Series 2020C Bonds included in the Final Official Statement are provided for convenience of the owners and prospective investors. The CUSIP numbers for the PBC Series 2020C Bonds are assigned by an organization unaffiliated with the PBC. The PBC is not responsible for the selection of the CUSIP numbers and makes no representation as to the accuracy thereof as printed on the PBC Series 2020C Bonds or as set forth in the Final Official Statement. No assurance can be given by the PBC that the CUSIP numbers for the PBC Series 2020C Bonds will remain the same after the delivery of the Final Official Statement or the date of issuance and delivery of the PBC Series 2020C Bonds.

PUBLIC BUILDING COMMISSION OF JOHNSON COUNTY, KANSAS

111 South Cherry Street
Olathe, Kansas 66061

MEMBERS OF THE PUBLIC BUILDING COMMISSION AND BOARD OF COMMISSIONERS OF THE COUNTY

Ed Eilert, Chairman
Becky Fast, Member
James Allen, Member
Steven Klika, Member
Janeé Hanzlick, Member
Michael Ashcraft, Member
Mike Brown, Member

COUNTY STAFF

Penny Postoak Ferguson, County Manager
Scott A. Neufeld, Budget Director
Thomas G. Franzen, Finance Director and County Treasurer
Cynthia Dunham, Interim Chief Counsel to the Board and Deputy Director of Legal Services

BOND COUNSEL

Gilmore & Bell, P.C.
Kansas City, Missouri

MUNICIPAL ADVISOR

Baker Tilly Municipal Advisors, LLC
Kansas City, Missouri and Saint Paul, Minnesota

INDEPENDENT AUDITOR

Rubin Brown, LLP
Kansas City, Missouri

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NOTICE OF BOND SALE

$6,175,000*
PUBLIC BUILDING COMMISSION OF JOHNSON COUNTY, KANSAS
LEASE PURCHASE REVENUE BONDS
(CENTRAL RESOURCE LIBRARY PROJECT),
SERIES 2020C

Bids. Bids for the purchase of the above-referenced bonds (the "PBC Series 2020C Bonds") of the Public Building Commission of Johnson County, Kansas (the "PBC") herein described will be received by the Finance Officer of the PBC until **11:00 a.m.,** Central Time (the "Submittal Hour"), on

WEDNESDAY, OCTOBER 14, 2020

(the "Sale Date"). Bids may only be submitted via ***PARITY***® or via email to the Municipal Advisor at bondservice@bakertilly.com. Fax bids and hand-delivered written bids **will not** be accepted.

All bids will be publicly evaluated at said time and place and the award of the PBC Series 2020C Bonds to the successful bidder (the "Successful Bidder") will be acted upon by the PBC at its meeting to be held at 9:45 a.m. on October 15, 2020. No oral or auction bids will be considered. Capitalized terms not otherwise defined herein shall have the meanings set forth in the hereinafter referenced Preliminary Official Statement relating to the PBC Series 2020C Bonds.

Terms of the PBC Series 2020C Bonds. The PBC Series 2020C Bonds will consist of fully registered bonds in the denomination of $5,000 or any integral multiple thereof (the "Authorized Denomination"). The PBC Series 2020C Bonds will be dated November 10, 2020 (the "Dated Date"), and will become due in principal installments on September 1 in the years as follows:

Year	Principal Amount*	Year	Principal Amount*
2021	$280,000	2031	$305,000
2022	265,000	2032	310,000
2023	270,000	2033	315,000
2024	275,000	2034	320,000
2025	280,000	2035	330,000
2026	285,000	2036	335,000
2027	290,000	2037	345,000
2028	295,000	2038	350,000
2029	300,000	2039	360,000
2030	300,000	2040	365,000

The PBC Series 2020C Bonds will bear interest from the Dated Date at rates to be determined when the PBC Series 2020C Bonds are sold as hereinafter provided, which interest will be payable semiannually on March 1 and September 1 in each year, beginning on September 1, 2021 (the "Interest Payment Dates").

Adjustment of Issue Size. The PBC reserves the right to increase or decrease the total principal amount of the PBC Series 2020C Bonds or increase or decrease the principal amount of any maturity of PBC Series 2020C Bonds, depending on the purchase price and interest rates bid and the offering prices specified by the Successful Bidder. The Successful Bidder may not withdraw its bid or change the interest rates bid as a result of any changes made to the principal amount of the PBC Series 2020C Bonds or principal of any maturity as described herein. If there is an increase or decrease in the final aggregate principal amount of the PBC Series 2020C Bonds or an increase or decrease in the schedule of principal

* *Preliminary; subject to change.*

payments as described above, the PBC will notify the Successful Bidder by means of telephone or facsimile transmission, subsequently confirmed in writing, no later than 5:00 p.m., Central Time, on the Sale Date. The actual purchase price for the PBC Series 2020C Bonds so adjusted shall be calculated by applying the percentage of par value bid by the Successful Bidder against the final aggregate principal amount of the PBC Series 2020C Bonds, as adjusted.

Place of Payment. The principal of and interest on the PBC Series 2020C Bonds will be payable in lawful money of the United States of America by check or draft of Security Bank of Kansas City, Kansas City, Kansas, as trustee (the "Trustee"). The principal of each PBC Series 2020C Bond will be payable at maturity or earlier redemption to the owners thereof whose name is on the registration books (the "Bond Register") of the Bond Registrar (the "Registered Owner") upon presentation and surrender at the principal office of the Trustee. Interest on each PBC Series 2020C Bond will be payable to the Registered Owner of such PBC Series 2020C Bond as of the fifteenth day (whether or not a business day) of the calendar month next preceding each Interest Payment Date (the "Record Date"): (a) mailed by the Trustee to the address of such Registered Owner as shown on the Bond Register or at such other address as is furnished to the Trustee in writing by such Registered Owner; or (b) in the case of an interest payment to Cede & Co. or any Owner of $500,000 or more in aggregate principal amount of PBC Series 2020C Bonds, by wire transfer to such Registered Owner upon written notice given to the Trustee by such Registered Owner, not less than 15 days prior to the Record Date for such interest, containing the wire transfer address to which such Registered Owner wishes to have such wire directed.

Bond Registration. The PBC Series 2020C Bonds will be registered pursuant to a plan of registration approved by the PBC and the Attorney General of the State of Kansas (the "State"). The PBC will pay for the fees of the Bond Registrar for registration and transfer of the PBC Series 2020C Bonds and will also pay for printing a reasonable supply of registered bond blanks. Any additional costs or fees that might be incurred in the secondary market, other than fees of the Bond Registrar, will be the responsibility of the Owners.

Book-Entry-Only System. The Depository Trust Company, New York, New York ("DTC"), will act as securities depository for the PBC Series 2020C Bonds. The PBC Series 2020C Bonds will initially be issued exclusively in "book entry" form and shall be initially registered in the name of Cede & Co., as the nominee of DTC and no beneficial owner will receive certificates representing their interests in the PBC Series 2020C Bonds. During the term of the PBC Series 2020C Bonds, so long as the book-entry-only system is continued, the PBC will make payments of principal of, premium, if any, and interest on the PBC Series 2020C Bonds to DTC or its nominee as the Registered Owner of the PBC Series 2020C Bonds, DTC will make book-entry-only transfers among its participants and receive and transmit payment of principal of, premium, if any, and interest on the PBC Series 2020C Bonds to its participants who shall be responsible for transmitting payments to beneficial owners of the PBC Series 2020C Bonds in accordance with agreements between such participants and the beneficial owners. The PBC will not be responsible for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants. In the event that: (a) DTC determines not to continue to act as securities depository for the PBC Series 2020C Bonds, or (b) the PBC determines that continuation of the book-entry-only form of evidence and transfer of ownership of the PBC Series 2020C Bonds would adversely affect the interests of the beneficial owners of the PBC Series 2020C Bonds, the PBC will discontinue the book-entry-only form of registration with DTC. If the PBC fails to identify another qualified securities depository to replace DTC, the PBC will cause to be authenticated and delivered to the beneficial owners replacement PBC Series 2020C Bonds in the form of fully registered certificates. Reference is made to the Official Statement for further information regarding the book-entry-only system of registration of the PBC Series 2020C Bonds and DTC.

Redemption of PBC Series 2020C Bonds Prior to Maturity.

General. Whenever the PBC is to select PBC Series 2020C Bonds for the purpose of redemption, it will, in the case of PBC Series 2020C Bonds in denominations greater than the minimum Authorized Denomination, if less than all of the PBC Series 2020C Bonds then outstanding are to be called for redemption, treat each minimum Authorized Denomination of face value of each such fully registered PBC Series 2020C Bond as though it were a separate PBC Series 2020C Bond in the minimum Authorized Denomination.

Optional Redemption. At the option of the PBC, upon instructions from Johnson County, Kansas (the "County"), the PBC Series 2020C Bonds maturing in the years 2030 and thereafter may be called for redemption and payment prior to their stated maturity on September 1, 2029 and thereafter, in whole or in part on any date, at the redemption price of 100% of the principal amount thereof, plus accrued interest to the date of redemption.

Extraordinary Optional Redemption. At the option of the PBC, upon instructions from the County, the PBC Series 2020C Bonds may be called for redemption and payment prior to their stated maturity, in whole or in part on any date, at a redemption price of 100% of the principal amount thereof, plus accrued interest thereon to the redemption date, in the event that all or a substantial portion of the Facility is damaged or destroyed by fire or other casualty or is condemned or taken for any public or quasi-public use by any authority exercising the power of eminent domain, and the County determines that rebuilding, repairing, restoring or replacing the Facility is not practicable or desirable.

Mandatory Redemption. A bidder may elect to have all or a portion of the PBC Series 2020C Bonds scheduled to mature in consecutive years issued as term bonds (the "Term Bonds") scheduled to mature in the latest of said consecutive years and subject to mandatory redemption requirements consistent with the schedule of serial maturities set forth above, subject to the following conditions: (a) not less than all PBC Series 2020C Bonds of the same serial maturity shall be converted to Term Bonds with mandatory redemption requirements; and (b) a bidder shall make such an election by completing the applicable paragraph on the Official Bid Form or completing the applicable information on PARITY®.

Notice and Effect of Call for Redemption. Unless waived by any owner of PBC Series 2020C Bonds to be redeemed, if the PBC shall call any PBC Series 2020C Bonds for redemption and payment prior to the maturity thereof, the Trustee on behalf of the PBC shall give written notice of redemption to the registered owners of said PBC Series 2020C Bonds. Said written notices shall be deposited in United States first class mail not less than 20 days prior to the date fixed for redemption. All notices of redemption shall state the date of redemption, the redemption price, the PBC Series 2020C Bonds to be redeemed, the place of surrender of PBC Series 2020C Bonds so called for redemption and a statement of the effect of the redemption. The PBC shall also give such additional notice as may be required by Kansas law or regulation of the Securities and Exchange Commission in effect as of the date of such notice. If any PBC Series 2020C Bond is called for redemption and payment as aforesaid, all interest on such PBC Series 2020C Bond shall cease from and after the date for which such call is made, provided funds are available for its payment at the price hereinbefore specified.

Authority, Purpose and Security. The PBC Series 2020C Bonds are being issued pursuant to the provisions of K.S.A. 12-1757 *et seq.*, as amended and supplemented from time to time (the "Act"), and a Trust Indenture dated as of November 1, 2014, as amended and supplemented, including the Third Supplemental Trust Indenture dated as of November 1, 2020 (collectively, the "Indenture") between the PBC and the Trustee. The PBC has previously issued its Lease Purchase Revenue Bonds (Library Projects), Series 2014B (the "PBC Series 2014B Bonds"), and its Lease Purchase Revenue Bonds (Library Projects), Series 2016A (the "PBC Series 2016A Bonds"), under the Indenture. The PBC Series 2014B Bonds, the PBC

Series 2016A Bonds, the PBC Series 2020C Bonds and any Additional Bonds issued under the Indenture (collectively, the "Library Bonds") are parity bonds, as to security and source of payment.

The PBC Series 2020C Bonds are being issued for the purpose of paying a portion of the costs to design, construct, furnish and equip improvements to the Central Resource Library, which is a public building owned by the Board of Directors of the Johnson County Library (the "Library Board"). The PBC and the Library Board have entered into a First Amended and Restated Base Lease dated as of October 1, 2016, as amended by a First Amendment to First Amended and Restated Base Lease dated as of November 1, 2020 (collectively, as may be amended and supplemented, the "Base Lease"), wherein the Library Board leases certain real property and improvements located on such real property, including the site on which the improvements financed by the PBC Series 2020C Bonds are located (collectively, the "Facility") to the PBC for a term ending September 1, 2040. The PBC and the County have also entered into a First Amended and Restated Lease dated as of October 1, 2016, as amended by a First Amendment to First Amended and Restated Lease dated as of November 1, 2020 (collectively, as may be amended and supplemented, the "Lease"), wherein the PBC leases the Facility to the County for Basic Rent sufficient to provide funds to the PBC to pay the principal of, premium, if any, and interest on the Library Bonds. The term of the Lease will be co-terminus with the final maturity of the Library Bonds. The County has also entered into a First Amended and Restated Sublease dated as of October 1, 2016, as amended by a First Amendment to First Amended and Restated Sublease dated as of November 1, 2020 (collectively, as may be amended and supplemented, the "Sublease") with the Library Board, wherein the County subleases the Facility to the Library Board for sublease payments sufficient to provide funds to the County to pay the County's payments of Basic Rent under the Lease. The term of the Sublease terminates on the last day of the Library Board's current fiscal year and automatically renews for subsequent one-year intervals (unless the Library Board has terminated the Sublease in accordance with its terms) with a maximum term co-terminus with the final maturity of the Library Bonds. The Library Board will use and operate the Facility, and upon retirement of the Library Bonds, the Base Lease, the Lease and the Sublease will terminate and title to the Facility will be in the Library Board.

The Library Bonds, including the PBC Series 2020C Bonds, and the interest thereon will constitute special obligations of the PBC, payable solely from, and secured as to the payment of principal and interest by a pledge of the Trust Estate established under the Indenture (the "Trust Estate"), which includes the net earnings and revenues of the Facility, including, but not limited to, the rents, revenues and receipts received by the PBC under the Lease (including, in certain circumstances, bond proceeds and income from the temporary investment thereof and proceeds from insurance and condemnation awards). Rental payments to be made by the County under the Lease are intended to be sufficient, when added to other funds available for such purpose, to pay when due, the principal of, premium if any, and interest on the Library Bonds.

The PBC Series 2020C Bonds shall not be or constitute a debt or general obligation of the PBC, nor shall they constitute an indebtedness of the PBC or the County within the meaning of any constitutional, statutory or charter provision, limitation or restriction. Pursuant to the Act, the obligations of the County for rentals payable under the Lease for its entire term are specifically exempted from the provisions of the State cash basis and budget laws and are ***not*** subject to annual appropriation, early cancellation or termination. The County's obligations under the Lease are subject to the Tax Lid applicable to counties in the State. Refer to the Preliminary Official Statement for more information about the Tax Lid.

Submission of Bids. Electronic bids via PARITY® must be submitted in accordance with its Rules of Participation, as well as the provisions of this Notice of Bond Sale. If provisions of this Notice of Bond Sale conflict with those of PARITY®, this Notice of Bond Sale shall control. Emailed bids may be submitted to the Municipal Advisor at bondservice@bakertilly.com Bids must be received prior to the Submittal Hour on the Sale Date accompanied by the Deposit (as hereinafter defined), which may be submitted separately. Neither the PBC nor the Municipal Advisor shall be responsible for any failure, misdirection or error in the means of transmission selected by any bidder.

PARITY®. Information about the electronic bidding services of PARITY® may be obtained from i-Deal LLC at 1359 Broadway, 2nd Floor, New York, New York 10018, Phone No. (212) 849-5023.

Conditions of Bids. Proposals will be received on the PBC Series 2020C Bonds bearing such rate or rates of interest as may be specified by the bidders, subject to the following conditions: (a) the same rate shall apply to all PBC Series 2020C Bonds of the same maturity year; (b) **no interest rate may exceed a rate equal to the daily yield for the 10-year Treasury Bond published by *THE BOND BUYER*, in New York, New York, on the Monday next preceding the day on which the PBC Series 2020C Bonds are sold, plus 3.00% for the PBC Series 2020C Bonds**; (c) no supplemental interest payments will be considered; (d) each interest rate specified shall be in integral multiples of 1/100 or 1/8 of 1%; and (e) the initial offering price to the public for each maturity must be 98% or greater. No bid for less than ***100%*** of the principal amount of the PBC Series 2020C Bonds and accrued interest thereon to the date of delivery will be considered. Each bid shall specify the total interest cost (expressed in dollars) during the term of the PBC Series 2020C Bonds on the basis of such bid, the premium, if any, offered by the bidder, the net interest cost (expressed in dollars) on the basis of such bid and an estimate of the TIC (as hereinafter defined) on the basis of such bid. Each bidder shall certify to the PBC the correctness of the information contained on the Official Bid Form; the PBC will be entitled to rely on such certification. Each bidder agrees that, if it is awarded the PBC Series 2020C Bonds, it will provide the certification described under the caption "Establishment of Issue Price" in this Notice.

Good Faith Deposit. The Successful Bidder must supply a good faith deposit (the "Deposit") in the amount of 2.00% of the principal amount of the PBC Series 2020C Bonds payable to the order of the PBC to secure the PBC from any loss resulting from the failure of the Successful Bidder to comply with the terms of its bid. The Deposit ***must be received by the PBC prior to 2:00 p.m., Central Time, on the Sale Date.*** The Deposit shall be submitted by wire transfer in federal funds, immediately available for use by the PBC (wire transfer information may be obtained from the PBC or the Municipal Advisor at the addresses set forth under the caption "Additional Information" below).

Contemporaneously with the submission of the wire transfer Deposit, the Successful Bidder shall send an email to leslie.friedel@jocogov.org and bondservice@bakertilly.com including notification that a wire transfer has been made and the amount of the wire transfer. No interest on the Deposit will be paid by the PBC. The Deposit will be held by the PBC until the Successful Bidder has complied with all of the terms and conditions of this Notice at which time the amount of said Deposit shall be returned to the Successful Bidder or deducted from the purchase price at the option of the PBC. If the PBC fails to deliver the PBC Series 2020C Bonds to the Successful Bidder in accordance with the terms and conditions of this Notice, said Deposit will be returned to the Successful Bidder. If the Successful Bidder defaults in the performance of any of the terms and conditions of this Notice, the proceeds of such Deposit will be retained by the PBC as and for liquidated damages.

Basis of Award. Subject to the timely receipt of the Deposit set forth above, the award of the PBC Series 2020C Bonds will be made on the basis of the lowest true interest cost ("TIC"), which will be determined as follows: the TIC is the discount rate (expressed as a per annum percentage rate) which, when used in computing the present value of all payments of principal and interest to be paid on the PBC Series 2020C Bonds, from the payment dates to the Dated Date, produces an amount equal to the price bid, including any adjustments for premium, if any. Present value will be computed on the basis of semiannual compounding and a 360-day year of twelve 30-day months. Bidders are requested to provide a calculation of the TIC for the PBC Series 2020C Bonds on the Official Bid Form, computed as specified herein on the basis of their respective bids, which shall be considered as informative only and not binding on either the PBC or the bidder. The Municipal Advisor will verify the TIC based on such bids. If there is any discrepancy between the TIC specified and the bid price and interest rates specified, the specified bid price and interest rates shall govern and the TIC specified in the bid shall be adjusted accordingly. If two or more proper bids providing for identical amounts for the lowest TIC are received, the PBC will determine which bid, if any, will be accepted, and its determination is final.

The PBC reserves the right to reject any and/or all bids and to waive any irregularities in a submitted bid. Any bid received after the Submittal Hour on the Sale Date will be returned to the bidder. Any disputes arising hereunder shall be governed by the laws of the State, and any party submitting a bid agrees to be subject to jurisdiction and venue of the federal and state courts within the State with regard to such dispute.

The PBC's acceptance, including electronic acceptance through PARITY®, of the Successful Bidder's proposal for the purchase of the PBC Series 2020C Bonds in accordance with this Notice of Bond Sale shall constitute a bond purchase agreement between the PBC and the Successful Bidder for purposes of the laws of the State and a contract between the PBC and the Successful Bidder for the purposes of Rule 15c2-12 of the Securities and Exchange Commission (the "Rule") and Rule G-32 of the Municipal Securities Rulemaking Board ("Rule G-32").

Bond Ratings. The outstanding lease purchase bonds of the PBC are rated "Aaa" by Moody's Investors Service and "AAA" by S&P Global Ratings, a division of S&P Global Inc. The PBC has applied to Moody's Investors Service and S&P Global Ratings, a division of S&P Global Inc. for a rating on the PBC Series 2020C Bonds herein offered for sale.

CUSIP Numbers. CUSIP identification numbers will be assigned and printed on the PBC Series 2020C Bonds, but neither the failure to print such number on any PBC Series 2020C Bond nor any error with respect thereto shall constitute cause for failure or refusal by the purchaser thereof to accept delivery of and pay for the PBC Series 2020C Bonds in accordance with the terms of this Notice. The Municipal Advisor will apply for CUSIP numbers pursuant to Rule G-34 implemented by the Municipal Securities Rulemaking Board. All expenses in relation to the assignment and printing of CUSIP numbers on the PBC Series 2020C Bonds will be paid by the PBC.

Delivery and Payment. The PBC will pay for preparation of the PBC Series 2020C Bonds and will deliver the PBC Series 2020C Bonds properly prepared, executed and registered without cost on or about **NOVEMBER 10, 2020** (the "Closing Date"), to DTC for the account of the Successful Bidder. The Successful Bidder will be furnished with a certified transcript of the proceedings evidencing the authorization and issuance of the PBC Series 2020C Bonds and the usual closing documents, including a certificate that there is no litigation pending or threatened at the time of delivery of the PBC Series 2020C Bonds affecting their validity and a certificate regarding the completeness and accuracy of the Official Statement. Payment for the PBC Series 2020C Bonds shall be made in federal funds, immediately available for use by the PBC. The PBC will deliver one PBC Series 2020C Bond of each maturity registered in the nominee name of DTC.

Establishment of Issue Price. In order to provide the PBC with information necessary for compliance with Section 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations promulgated thereunder (collectively, the "Code"), the Successful Bidder will be required to assist the PBC in establishing the "issue price" of the PBC Series 2020C Bonds and complete, execute and deliver to the PBC prior to the Closing Date, a written certification in a form acceptable to the Successful Bidder, the PBC and Bond Counsel (the "Issue Price Certificate") containing the following for each maturity of the PBC Series 2020C Bonds: (1) the interest rate; (2) the reasonably expected initial offering price to the "public" (as said term is used in Treasury Regulation Section 1.148-1(f) (the "Regulation")) or the sale price; and (3) pricing wires or equivalent communications supporting such offering or sale price. However, such Issue Price Certificate may indicate that the Successful Bidder has purchased the PBC Series 2020C Bonds for its own account in a capacity other than as an underwriter or wholesaler, and currently has no intent to reoffer the PBC Series 2020C Bonds for sale to the public. Any action to be taken or documentation to be received by the PBC pursuant hereto may be taken or received by the Municipal Advisor or Bond Counsel on behalf of the PBC.

The PBC intends that the sale of the PBC Series 2020C Bonds pursuant to this Notice shall constitute a "competitive sale" as defined in the Regulation. In support thereof: (1) the PBC shall cause this Notice to be disseminated to potential bidders in a manner reasonably designed to reach potential bidders; (2) all bidders shall have an equal opportunity to submit a bid; (3) the PBC reasonably expects that it will receive bids from at least three bidders that have established industry reputations for underwriting municipal bonds such as the PBC Series 2020C Bonds; and (4) the PBC anticipates awarding the sale of the PBC Series 2020C Bonds to the bidder that provides a bid with the lowest TIC in accordance with the section hereof entitled "Basis of Award."

Any bid submitted pursuant to this Notice shall be considered a firm offer for the purchase of the PBC Series 2020C Bonds as specified therein. The Successful Bidder shall constitute an "underwriter" as said term is defined in the Regulation. By submitting its bid, the Successful Bidder confirms that it shall require any agreement among underwriters, a selling group agreement or other agreement to which it is a party relating to the initial sale of the PBC Series 2020C Bonds, to include provisions requiring compliance with provisions of the Code and the Regulation regarding the initial sale of the PBC Series 2020C Bonds.

If all of the requirements of a "competitive sale" are not satisfied, the PBC shall advise the Successful Bidder of such fact at the time of award of the sale of the PBC Series 2020C Bonds to the Successful Bidder and the following provisions shall apply to the PBC Series 2020C Bonds. ***In such event, any bid submitted will not be subject to cancellation or withdrawal***. Within twenty-four (24) hours of the notice of award of the sale of the PBC Series 2020C Bonds, the Successful Bidder shall advise the PBC if a "substantial amount" (as defined in the Regulation (10%)) of any maturity of the PBC Series 2020C Bonds has been sold to the public and the price at which such substantial amount was sold. The PBC will treat such sale price as the "issue price" for such maturity, applied on a maturity-by-maturity basis. The PBC will ***not*** require the Successful Bidder to comply with that portion of the Regulation commonly described as the "hold-the-offering-price" requirement for the remaining maturities, but the Successful Bidder may elect such option. If the Successful Bidder exercises such option, the PBC will apply the initial offering price to the public provided in the bid as the issue price for such maturities. If the Successful Bidder does not exercise that option, it shall thereafter promptly provide the PBC the prices at which a substantial amount of such maturities is sold to the public. ***Any change in the issue price of any of the PBC Series 2020C Bonds after the Submittal Hour will not affect the purchase price for the PBC Series 2020C Bonds submitted in the bid of the Successful Bidder***.

This agreement by the Successful Bidder to provide such information will continue to apply after the Closing Date if: (a) the PBC requests the information in connection with an audit or inquiry by the Internal Revenue Service (the "IRS") or the Securities and Exchange Commission (the "SEC") or (b) the information is required to be retained by the PBC pursuant to future regulation or similar guidance from the IRS, the SEC or other federal or state regulatory authority.

Preliminary Official Statement and Official Statement. The PBC has prepared a Preliminary Official Statement dated on or about September 24, 2020, "deemed final" by the PBC and the County except for the omission of certain information as provided in the Rule, copies of which may be obtained from the Municipal Advisor. Upon the sale of the PBC Series 2020C Bonds, the PBC will adopt the final Official Statement and will furnish the Successful Bidder, without cost, within seven business days of the acceptance of the Successful Bidder's proposal, with a sufficient number of copies thereof, which may be in electronic format, in order for the Successful Bidder to comply with the requirements of the Rule and Rule G-32. Additional copies may be ordered by the Successful Bidder at its expense.

Continuing Disclosure. In the Continuing Disclosure Undertaking, the County has covenanted to comply with the provisions of the Rule and the County has agreed to provide annually certain financial information and operating data and other information necessary to comply with the Rule and to promptly transmit said information to the Municipal Securities Rulemaking Board. These covenants are for the benefit of and are enforceable by any Registered Owner of the PBC Series 2020C Bonds. For further information, reference is made to the caption "CONTINUING DISCLOSURE" in the Preliminary Official Statement.

Legal Opinion. The PBC Series 2020C Bonds will be sold subject to the approving legal opinion of Gilmore & Bell, P.C., Kansas City, Missouri, Bond Counsel to the PBC, which opinion will be furnished and paid for by the PBC and will be delivered to the Successful Bidder when the PBC Series 2020C Bonds are delivered. Said opinion will also include the opinion of Bond Counsel relating to the interest on the PBC Series 2020C Bonds being excludable from gross income for federal income tax purposes and exempt from income taxation by the State. Reference is made to the Preliminary Official Statement for further discussion of federal and Kansas income tax matters relating to the interest on the PBC Series 2020C Bonds.

Electronic Transactions. The transactions described herein may be conducted and related documents may be sent, received and stored by electronic means. All bid documents, closing documents, certificates, resolutions and related instruments may be executed by electronic transmission.

Additional Information. Additional information regarding the PBC Series 2020C Bonds may be obtained from the PBC, Attention: Ms. Leslie Friedel, Budget and Financial Planning, Johnson County, Kansas by phone (913) 715-0564 or e-mail: leslie.friedel@jocogov.org; or from the Municipal Advisor, Baker Tilly Municipal Advisors, LLC, Attention: Bond Services, at the address set forth below; or by phone (651) 223-3000 or e-mail: bondservice@bakertilly.com.

Municipal Advisor – Email Bid Address:

Baker Tilly Municipal Advisors, LLC
380 Jackson Street, Suite 300
Saint Paul, Minnesota 55101-2887
Email: bondservice@bakertilly.com

DATED: September 24, 2020

PUBLIC BUILDING COMMISSION OF JOHNSON COUNTY, KANSAS
By: Thomas G. Franzen, Finance Officer

OFFICIAL STATEMENT

$6,175,000*

PUBLIC BUILDING COMMISSION OF JOHNSON COUNTY, KANSAS

LEASE PURCHASE REVENUE BONDS
(CENTRAL RESOURCE LIBRARY PROJECT), SERIES 2020C

(BOOK ENTRY ONLY)

INTRODUCTORY STATEMENT

General

This Official Statement provides information regarding $6,175,000* Lease Purchase Revenue Bonds (Central Resource Library Project), Series 2020C (the "PBC Series 2020C Bonds"). The PBC Series 2020C Bonds are being issued pursuant to a Trust Indenture dated as of November 1, 2014, as amended and supplemented, including the Third Supplemental Trust Indenture dated as of November 1, 2020 (collectively, the "Indenture") between the PBC and Security Bank of Kansas City, Kansas City, Kansas (the "Trustee"). The PBC has previously issued its Lease Purchase Revenue Bonds (Library Projects), Series 2014B (the "PBC Series 2014B Bonds"), and its Lease Purchase Revenue Bonds (Library Projects), Series 2016A (the "PBC Series 2016A Bonds"), under the Indenture. The PBC Series 2014B Bonds, the PBC Series 2016A Bonds, the PBC Series 2020C Bonds and any Additional Bonds issued under the Indenture (collectively, the "Library Bonds") are parity bonds, as to security and source of payment. See "SECURITY FOR THE PBC SERIES 2020C BONDS" herein.

Brief descriptions of the PBC Series 2020C Bonds, the Indenture, the Base Lease, the Lease, the Sublease, and certain other matters are included in this Official Statement. See Appendix III - "SUMMARY OF FINANCING DOCUMENTS." Such descriptions do not purport to be comprehensive or definitive. All references herein to the Base Lease, the Lease, the Sublease, the Indenture, and the hereinafter defined Continuing Disclosure Undertaking (collectively, the "Documents") are qualified in their entirety by reference to such Documents, copies of which may be viewed at the Office of Budget and Financial Planning of the County, or copies will be provided to any prospective purchaser requesting the same, upon payment by such prospective purchaser of the cost of complying with such request. Capitalized terms not otherwise defined herein shall have the meaning given them in the Documents.

Additional information regarding the PBC, the Library Board, the County, the Documents, and the PBC Series 2020C Bonds may be obtained from Mr. Scott A. Neufeld, Budget Director, or Ms. Leslie M. Friedel, Budget and Financial Planning, Johnson County, Kansas, 111 South Cherry Street, Suite 2300, Olathe, Kansas 66061, by telephoning (913) 715-0564, or by e-mailing scott.neufeld@jocogov.org or leslie.friedel@jocogov.org. Inquiries may also be made to Baker Tilly Municipal Advisors, LLC of Saint Paul, Minnesota and Kansas City, Missouri, 380 Jackson Street, Suite 300, Saint Paul, Minnesota 55101-2887, by telephoning (651) 223-3000, or by e-mailing bondservice@bakertilly.com. If information of a specific legal nature is desired, requests may be directed to Ms. Gina Riekhof, Gilmore & Bell P.C., Bond Counsel, 2405 Grand Boulevard, Suite 1100, Kansas City, Missouri 64108 by telephoning (816) 221-1000, or by e-mailing griekhof@gilmorebell.com.

Potential Impacts Resulting from Coronavirus (COVID-19)

On March 11, 2020, the World Health Organization proclaimed the Coronavirus (COVID-19) to be a pandemic. In an effort to lessen the risk of transmission of COVID-19, the United States government, state

* *Preliminary; subject to change.*

governments, local governments and private industries have taken measures to limit social interactions in an effort to limit the spread of COVID-19, affecting business activities and impacting global, state and local commerce and financial markets. The emergence of COVID-19 and the spread thereof is an emerging and evolving issue. As the federal, state, and local governments, including the County, continue efforts to contain and limit the spread COVID-19 disease, future tax and other revenue collections may deviate from historical or anticipated collections and may have an adverse impact on the financial position and operations of the County and its ability to fund debt obligations, including the County Bonds in accordance with its terms. The County is not able to predict and makes no representations as to the economic impact of the COVID-19 pandemic on the County or its financial position.

In response to the global COVID-19 pandemic, the Governor of the State of Kansas issued an Executive Order instituting a temporary State-wide stay-at-home order. The stay-at-home order expired on May 4, 2020, and the Governor has provided the framework for a phased reopening of the State's economy. Governmental authorities, including the County, continue efforts to contain and limit the spread of COVID-19.

As of August 31, 2020, the County received approximately $130 million from the Federal government pursuant to the Coronovirus Aid, Relief, and Economic Security Act (the "CARES Act"). Such funds are required to be spent by the County prior to December 31, 2020. County staff provides a weekly update to the Board of County Commissioners regarding expenditures from these and other funds received due to the pandemic.

A budget amendment is necessary to provide for the expenditure of the funds received by the County from the CARES Act. The budget amendment to the fiscal year (FY) 2020 budget is scheduled to be adopted by the Board of County Commissioners on July 16, 2020, and the FY 2021 budget was adopted by the Board of County Commissioners on August 20, 2020.

In March 2020, the County began work estimating the impact of COVID-19 to the County's FY 2020 budget. Based on the preliminary conservative estimates, the County began efforts to freeze vacant positions and furlough some employees. The County also froze discretionary spending in the budget and halted certain capital projects. With the expenditure savings, the County projected covering the County's March 2020 estimates of revenue losses for FY 2020, resulting in a minimal impact on projected reserves. Revenue losses for FY 2020 August 31, 2020 have not been as high as March projections. The ultimate impact of COVID-19 on the County's 2020 budget is unknown currently.

CONCURRENT FINANCING

The County, while not the Issuer of the PBC Series 2020C Bonds, by means of a separate Official Statement expects to offer its $5,080,000* General Obligation Refunding Bonds, Series 2020C (the "County Series 2020C Bonds") and the $52,185,000* Taxable General Obligation Refunding Bonds, Series 2020D (the "County Series 2020D Bonds" and, together with the County Series 2020C Bonds, the "County Bonds") on Wednesday, October 14, 2020.

The proceeds of the County Series 2020C Bonds will be used to refund the September 1, 2021 through September 1, 2030 maturities of the County's Taxable Internal Improvement Bonds (Build America Bonds – Direct Pay to the Issuer), Series 2010C, dated October 28, 2010.

The proceeds of the County Series 2020D Bonds will be used to refund (i) the September 1, 2023 through September 1, 2032 maturities of the County's Internal Improvement Bonds, Series 2012A, dated August 15, 2012; and (ii) the September 1, 2023 through September 1, 2033 maturities of the County's Internal Improvement Bonds, Series 2013A, dated October 22, 2013.

In addition to the County Bonds, The PBC, by means of a separate Official Statement expects to offer for sale $7,280,000* Lease Purchase Revenue Refunding Bonds, Series 2020D (the "PBC Series 2020D Bonds" and, together with the PBC Series 2020C Bonds, the "PBC Bonds") on Wednesday, October 14, 2020.

The proceeds of the PBC Series 2020D Bonds are being issued to refund the September 1, 2021 through September 1, 2030 maturities of the PBC's Taxable Lease Purchase Revenue Bonds, Series 2010A (Recovery Zone Economic Development Bonds – Direct Pay to the Issuer), dated June 3, 2010.

Settlement of the PBC Bonds and the County Bonds is expected to take place on or about November 10, 2020.

* *Preliminary; subject to change.*

CONTINUING DISCLOSURE

In order to permit bidders for the PBC Series 2020C Bonds and other participating underwriters in the primary offering of the PBC Series 2020C Bonds to comply with paragraph (b)(5) of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the "Rule"), the County will enter into a Continuing Disclosure Undertaking pursuant to which it will covenant and agree, for the benefit of the registered holders or beneficial owners from time to time of the outstanding PBC Series 2020C Bonds, to provide annual reports of specified information and notice of the occurrence of certain events. The form of the Continuing Disclosure Undertaking is attached as Appendix V to this Official Statement.

In the past five years, the County has filed its Comprehensive Annual Financial Report (the "CAFR") (or a draft thereof) within the time period prescribed by all previous undertakings entered into pursuant to the Rule. The CAFRs contain the audited financial statements of, and statistical information regarding the County.

Breach of the Continuing Disclosure Undertaking will not constitute a default or an "Event of Default" under the PBC Series 2020C Bonds, the Indenture or the Lease. A broker or dealer is to consider a known breach of the Continuing Disclosure Undertaking, however, before recommending the purchase or sale of the PBC Series 2020C Bonds in the secondary market. Thus, a failure on the part of the County to observe the Continuing Disclosure Undertaking may adversely affect the transferability and liquidity of the PBC Series 2020C Bonds and their market price.

THE PBC SERIES 2020C BONDS

General Description

The PBC Series 2020C Bonds are dated the date of delivery and will mature annually on September 1 as set forth on the front cover of this Official Statement. The PBC Series 2020C Bonds are issued in book entry form. Interest on the PBC Series 2020C Bonds is payable on March 1 and September 1 of each year, commencing September 1, 2021 (the "Interest Payment Date(s)"). Interest will be payable to the holder (initially Cede & Co.) registered on the books of the Registrar and Paying Agent on the fifteenth day (whether or not a business day) of the calendar month next preceding such Interest Payment Date (the "Record Date"). Interest will be computed on the basis of a 360-day year of twelve 30-day months. Principal of and interest on the PBC Series 2020C Bonds will be paid as described in the section herein entitled "Book Entry System." The PBC has named Security Bank of Kansas City, Kansas City, Kansas as the Trustee and Registrar and Paying Agent for the PBC Series 2020C Bonds and will pay for registration services.

Redemption Provisions

Optional Redemption

At the option of the PBC, upon instructions from the County, the PBC Series 2020C Bonds maturing in the years 2030 and thereafter may be called for redemption and payment prior to their stated maturity on September 1, 2029 and thereafter, in whole or in part on any date, at the redemption price of 100% of the principal amount thereof, plus accrued interest to the date of redemption.

Extraordinary Optional Redemption

At the option of the PBC, upon instructions from the County, the PBC Series 2020C Bonds may be called for redemption and payment prior to their stated maturity, in whole or in part on any date, at a redemption price of 100% of the principal amount thereof, plus accrued interest thereon to the redemption date, in the event that all or a substantial portion of the Facility is damaged or destroyed by fire or other casualty or is condemned or taken for any public or quasi-public use by any authority exercising the power of eminent domain, and the County determines that rebuilding, repairing, restoring or replacing the Facility is not practicable or desirable.

Registration and Transfer

As long as any PBC Series 2020C Bond remains outstanding, the Trustee will maintain a register and all transfers and exchanges of the PBC Series 2020C Bonds will be registered therein. All PBC Series 2020C Bonds presented for transfer or exchange shall be accompanied by a written instrument of transfer in a form and with guarantee of signature in a form satisfactory to the Trustee. PBC Series 2020C Bonds may be exchanged for PBC Series 2020C Bonds in the same aggregate principal amount and maturity upon presentation to the Trustee, subject to the terms, conditions and limitations set forth in the Indenture, and upon payment of any tax, fee or other governmental charge required to be paid with respect to any such registration, exchange or transfer. The PBC and Trustee shall not be required to issue, register, transfer or exchange any PBC Series 2020C Bonds during a period beginning on the day following the Record Date preceding any Interest Payment Date and ending on such Interest Payment Date, or after a notice of redemption has been given, or during the period of 15 days next preceding the date of mailing of such notice, or during a period beginning on the day after the Trustee receives notice from the PBC of its intent to pay Defaulted Interest and ending on the date fixed for payment of the Defaulted Interest.

Book Entry System

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the PBC Series 2020C Bonds. The PBC Series 2020C Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the PBC Series 2020C Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants

("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation, and Fixed Income Clearing Corporation all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of PBC Series 2020C Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the PBC Series 2020C Bonds on DTC's records. The ownership interest of each actual purchaser of each PBC Series 2020C Bonds ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the PBC Series 2020C Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the PBC Series 2020C Bonds, except in the event that use of the book-entry system for the PBC Series 2020C Bonds is discontinued.

To facilitate subsequent transfers, all PBC Series 2020C Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of PBC Series 2020C Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the PBC Series 2020C Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such PBC Series 2020C Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of PBC Series 2020C Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the PBC Series 2020C Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of the PBC Series 2020C Bonds may wish to ascertain that the nominee holding the PBC Series 2020C Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the PBC Series 2020C Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the PBC Series 2020C Bonds unless authorized by a Direct Participant in accordance with DTC's MMI procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the PBC as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the PBC Series 2020C Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the PBC Series 2020C Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the PBC or its agent on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC or the PBC, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the PBC or its agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the PBC Series 2020C Bonds at any time by giving reasonable notice to PBC or its agent. Under such circumstances, in the event that a successor depository is not obtained, certificates are required to be printed and delivered.

The PBC may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the PBC believes to be reliable, but the PBC takes no responsibility for the accuracy thereof.

THE PUBLIC BUILDING COMMISSION OF JOHNSON COUNTY, KANSAS

The PBC is a municipal corporation duly created in accordance with Resolution No. 47-90 of the County adopted on May 17, 1990 (the "Resolution"), and existing under the laws of the State of Kansas (the "State"), including particularly K.S.A. 12-1757 *et seq.*, as amended (the "Act").

The PBC is organized and operated under the Act for the benefit of the County and its residents, including the planning, development, construction, furnishing and equipping of public buildings for the benefit and use of the County for County purposes. No part of the net earnings or other assets of the PBC can accrue to the benefit of any director, officer, contributor or other private individual having directly or indirectly any personal or private interest in the activities of the PBC.

The PBC is governed by a seven member board consisting of the seven members of the Board of County Commissioners of Johnson County, Kansas.

JOHNSON COUNTY, KANSAS

The County is a public body corporate and politic organized and existing under and pursuant to the Constitution and laws of the State of Kansas. General information pertaining to the County is contained in Appendix I to this Official Statement.

THE BOARD OF DIRECTORS OF THE JOHNSON COUNTY LIBRARY

The Library Board has seven directors appointed by the Board of County Commissioners of four-year overlapping terms with a limit of two terms. The Library Board has the power and duty to develop policy, to adopt rules and regulations for the administration of the library, to employ the County Librarian, to purchase or lease sites and buildings for the use of the Library Board, and to establish and operate the library or libraries within its jurisdiction. The Library Board has jurisdiction within the territorial limits of Johnson County, Kansas, except that area located within the city limits of the City of Olathe and the City of Bonner Springs.

Board Members

Name	Title
Amy Amos Ruo	Chair
Bethany Griffith	Vice Chair
Brandy Butcher	Director
David Sims	Director
Wayne Burke	Director
Donna Mertz	Director
Fabian Shepard	Director

The Library Board has employed Sean Casserley as the County Librarian to administer the operations of the Library. Ms. Tricia Suellentrop is the Deputy County Librarian.

The Library Board's operations are part of the County's overall operations and its funds are reported within the County's annual financial statements as nonmajor funds. The Library Board has three separate funds – the Library Fund, the Special Use Fund, and the Gift Fund.

The Library Fund accounts for all revenues and expenditures of constructing, renovating, outfitting, and operating an urban library system. Its primary sources of revenue are ad valorem tax support, fines and fees, grants, and charges for copies. The Johnson County Library system provides a community resource, which furnishes organized access to scholarly, technical, and literary experience. The Library Board provides materials, services, and programs to meet the needs of its patrons and enhance the quality of their lives.

The Library Special Use Fund is financed by ad valorem tax support. These funds are used to finance the cost associated with planning, outfitting, and stocking new libraries, and for financing capital improvement projects. The Library Fund and Special Use Fund are budgeted funds, and the mill levy for these two funds is set by the Board of County Commissioners annually.

In 2015, the Board of County Commissioners approved a 0.75 of one mill levy increase for the Comprehensive Library Master Plan, which is projected to invest an additional $175 million over the subsequent twenty years to allow facility expansion, replacement, and renovation of the current library facilities as well as provide additional funding for programming needs.

The Library Board also has a small, nonbudgeted Gift Fund, which is used to account for contributions and donations by patrons and supporters of the Library Board. These contributions and donations are intended to supplement Library Board expenditures for staff development, resources, and other activities designed to improve the Library system.

The mission of the Johnson County Public Library is to provide access to ideas, information, experiences, and materials that support and enrich people's lives.

The Johnson County Library system is comprised of a Central Resource Library and fourteen (14) branch libraries serving approximately 461,856 residents in a taxing district that is made up of 18 of Johnson County's 20 cities. The Central Resource Library and two Neighborhood Libraries call Overland Park home. A Neighborhood Library is located in each of the cities of De Soto, Edgerton, Gardner, Leawood, Lenexa, Merriam, Prairie Village, Roeland Park, Spring Hill, and Shawnee. The Johnson County Library system also partners with the Olathe Library System of Olathe, Kansas, also in Johnson County, to provide a seamless library experience to all Johnson County residents.

The Johnson County Library is the largest library system in the State with 1,320,218 holdings consisting of books, eBooks, audiobooks, magazines and periodicals, newspapers, special reference materials, DVDs and CDs, and federal and state government documents. In 2019 the Libraries supported more than 322,751 personal computer sessions on 366 public computer workstations. There were 869,970 connections to JCL's fast and free wireless network and 791,759 digital downloads of eMaterials. Johnson County Library facilities received almost 2.4 million physical site visitors, supported over 2.9 million website visits, and circulated almost 7.6 million books, DVDs, music CDs, and audiobooks. The Library also provides an expanding suite of programs and materials in Spanish for the growing Latino populations in the County.

The Library organizes and sponsors classes/public programs/events/art exhibits such as small business seminars, career programs, parenting classes, author visits, book discussions, and story times for youth, teens, and adults. Off-campus adult outreach activities include homebound and senior living center services as well as adult detention center services. The Library's popular and award-winning "6 by 6, Ready to Read" program, offered at all Library locations, emphasizes the skills parents and caregivers can help children develop by age six. "Books to Grow" kits for children are available for day care centers, home-school families and the general public. Homework Centers provide homework assistance at designated libraries for elementary and secondary students. The Library also offers public forums to stimulate community awareness and discussion of regional and national issues.

The 2020 global pandemic as a result of COVID-19 had the Johnson County Library needing to close their physical locations for approximately 3 months (from mid-March 2020 to mid-June 2020). This pandemic has also caused the Library to have to modify the way it provides patron services, service hours, and programs in 2020; as the Library is trying to limit large public gatherings, do more on-line programs/services and practice social distancing along with enhanced cleaning protocols at all of the 14 branch locations. These changes in servicing will likely be in place for the foreseeable future or until COVID-19 is no longer seen as a public health threat or there is a vaccination readily available.

The Johnson County Library is supported by public funds as well as by the Friends of the Johnson County Library book sales, by the philanthropic efforts of the Johnson County Library Foundation, and by a corps of more than 1,000 volunteers.

RISK FACTORS

The purchase of the PBC Series 2020C Bonds is subject to certain risks. Each prospective investor in the PBC Series 2020C Bonds is encouraged to read this Official Statement in its entirety. Particular attention should be given to the factors described below which, among others, could affect the payment of debt service on the PBC Series 2020C Bonds, and which could also affect the market price of the PBC Series 2020C Bonds to an extent that cannot be determined. This discussion of risk factors is not, and is not intended to be, exhaustive.

Special Obligations. The PBC Series 2020C Bonds are special obligations of the PBC. Neither the PBC Series 2020C Bonds nor the interest thereon constitute a general obligation or indebtedness of the PBC, the County or the Library Board, nor is the payment thereof guaranteed by the PBC, the County or the Library Board, or any governmental subdivision, agency or instrumentality. The PBC Series 2020C Bonds are not payable in any manner from tax revenues, other than tax revenues that may be utilized by the County and the Library Board to make rental payments under the Lease and the Sublease.

Debt Service Source. The PBC Series 2020C Bonds are secured as to the payment of principal and interest by a pledge of the Trust Estate established under the Indenture, which includes the net earnings and revenues of the Facility, including, but not limited to, the rents, revenues and receipts received by the PBC under the Lease (including, in certain circumstances, Library Bond proceeds and income from the temporary investment thereof and proceeds from insurance and condemnation awards). The PBC Series 2020C Bonds are secured on a parity with respect to the Trust Estate with the PBC Series 2014B Bonds and the PBC Series 2016A Bonds previously issued under the Indenture.

The primary source of repayment of the PBC Series 2020C Bonds is expected to be receipts derived by the PBC from the Facility, including the Basic Rent payable by the County under the Lease and Basic Rent paid by the Library Board under the Sublease. The Library Board's payments under the Sublease are not pledged to repayment of the Library Bonds.

Under the Act, the County is authorized to enter into long term leases with the PBC for use of facilities such as the Facility. Under existing law, the obligation of the County to pay Basic Rent under the Lease is not subject to annual appropriation and is exempt from the application of the Kansas cash-basis and budget laws. However, the portion of the Basic Rent payable by the County under the Lease attributable to the PBC Series 2020C Bonds is subject to the Tax Lid. See "GOVERNMENTAL ORGANIZATION AND SERVICES - Budgetary Information" herein. Under K.S.A. 12-1223 *et seq*., the Library Board is authorized to enter into long term leases with the County for use of the facilities such as the Facility. Under existing law, the obligation of the Library Board to pay Basic Rent under the Lease is subject to annual appropriation.

Property Tax Collections. The Kansas Legislature may from time to time adopt changes in the property tax system or method of imposing and collecting property taxes. Taxpayers may also challenge the fair market value of property assigned by the County appraiser. The effects of such legislative changes and successful challenges to the appraiser's determination of fair market value could affect the County's property tax collections. If a taxpayer valuation challenge is successful, the liability of the County to refund property taxes previously paid under protest may have a material impact on the County's financial situation and ability to make payments of Basic Rent under the Lease.

Title to Land. The Facility is located on land that is not owned by the PBC, but is owned by the Library Board. The Facility is leased to the PBC pursuant to the Base Lease. Upon termination of the Base Lease, for any reason, the ownership of the land reverts back to the Library Board.

Liquidation of Security in the Event of Default. The Facility consists of real property and the improvements located thereon. In the event of a forced liquidation or other reletting or disposition of the Facility, there is no assurance that such will produce funds sufficient to pay the principal of the PBC Series 2020C Bonds and interest accrued thereon.

Abandonment of Facility after Event of Default. The PBC has certain remedies under the Lease if an Event of Default occurs and continues, including the ability to take possession of the Facility and relet it, with the proceeds being available to pay principal and interest on the PBC Series 2020C Bonds. The Lease gives the PBC the option, under such circumstances, not to re-enter or take possession of the Facility, thereby abandoning a part of the security for the PBC Series 2020C Bonds. In the event that the Facility should become contaminated by the presence of Hazardous Substances (as defined in the Lease), the County is the subject of a remedial action under an Environmental Law (as defined in the Lease) as a result of such contamination, the PBC would have the discretion to abandon the Facility, and probably would abandon it if its market value were substantially impaired by the presence of the contamination or if re-entering or taking possession of the Facility would probably expose the PBC or the Owners to liability for costs of a remedial action under an Environmental Law.

Secondary Market. There is no assurance that a secondary market will develop for the purchase and sale of the PBC Series 2020C Bonds. Prices of PBC Series 2020C Bonds traded in the secondary market, are subject to adjustment upward and downward in response to changes in the credit markets. From time to time it may be necessary to suspend indefinitely secondary market trading in the PBC Series 2020C Bonds as a result of financial condition or market position of broker-dealers, prevailing market conditions, lack of adequate current financial information about the PBC, or a material adverse change in the financial condition of the PBC, whether or not the PBC Series 2020C Bonds are in default as to principal and interest payments, and other factors which may give rise to uncertainty concerning prudent secondary market practices.

Matters Relating to the Security for the PBC Series 2020C Bonds. The remedies available to the Trustee, the PBC or the Bond Owners upon an Event of Default under the Indenture or the Lease are, in many respects, dependent upon judicial actions which are often subject to discretion and delay. Based upon existing constitutional and statutory law and judicial decisions, including specifically Title 11 of the United States Code (the federal bankruptcy code), the remedies provided in the Indenture and the Lease may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the PBC Series 2020C Bonds and the delivery of the Indenture, and the respective amendments to the Base Lease, the Lease and the Sublease will be qualified as to the enforceability of the various legal instruments by limitations imposed by general principles of equity and by bankruptcy, reorganization, insolvency or other similar laws heretofore or hereinafter enacted affecting the rights of creditors generally.

Amendments by Court Proceedings. Court proceedings relating to bond transactions may result in modifications to transaction documents without the consent of the holders of such bonds or related obligations and such modifications may adversely affect the security therefor and the rights and remedies of the holders.

Taxation of Interest on the PBC Series 2020C Bonds. An opinion of Bond Counsel will be obtained to the effect that interest earned on the PBC Series 2020C Bonds is excludable from gross income for federal income tax purposes under current provisions of the Code, and applicable rulings and regulations under the Code; however, an application for a ruling has not been made and an opinion of counsel is not binding upon the Internal Revenue Service. There can be no assurance that the present provisions of the Code, or the rules and regulations thereunder, will not be adversely amended or modified, thereby rendering the interest earned on the PBC Series 2020C Bonds includable in gross income for federal income tax purposes.

The PBC, the County, and the Library Board have covenanted in the Tax Compliance Agreement to comply with the provisions of the Code, including those which require such parties to take or omit to take certain actions after the issuance of the PBC Series 2020C Bonds. Because the existence and continuation of the excludability of the interest on the PBC Series 2020C Bonds depends upon events occurring after the date of issuance of the PBC Series 2020C Bonds, the opinion of Bond Counsel described under "TAX MATTERS" assumes the compliance by the PBC, County, and Library Board with the provisions of the Code described above and the regulations relating thereto. No opinion is expressed by Bond Counsel with respect to the excludability of the interest on the PBC Series 2020C Bonds in the event of noncompliance with such provisions. The failure of the PBC, County, or Library Board to comply with the provisions described above may cause the interest on the PBC Series 2020C Bonds to become includable in gross income as of the date of issuance.

Premium on PBC Series 2020C Bonds. The initial offering prices of certain maturities of the PBC Series 2020C Bonds that are subject to optional redemption may be in excess of the respective principal amounts thereof. Any person who purchases a PBC Series 2020C Bond in excess of its principal amount, whether during the initial offering or in a secondary market transaction, should consider that the PBC Series 2020C Bonds are subject to redemption at par under the various circumstances described herein.

No Additional Interest or Mandatory Redemption upon Event of Taxability. The Indenture does not provide for the payment of additional interest or penalty on the PBC Series 2020C Bonds or the mandatory redemption thereof if the interest thereon becomes includable in gross income for federal income tax purposes. Likewise, the Indenture does not provide for the payment of any additional interest or penalty on the PBC Series 2020C Bonds if the interest thereon becomes includable in gross income for Kansas income tax purposes.

Suitability of Investment. An investment in the PBC Series 2020C Bonds involves a certain degree of risk. The tax exempt feature of the PBC Series 2020C Bonds is more valuable to high tax bracket investors than to investors who are in low tax brackets, and so the value of the interest compensation to any particular investor will vary with individual tax rates. Each prospective investor should carefully examine this Official Statement, including the Appendices hereto, and its own financial condition to make a judgment as to its ability to bear the economic risk of such an investment, and whether or not the PBC Series 2020C Bonds are an appropriate investment.

Bond Rating. The PBC Series 2020C Bonds are rated as set forth on the cover of this Official Statement. There is no assurance that a particular rating will remain in effect for any given period of time or that it will not be revised, either downward or upward, or withdrawn entirely, if in the judgment of the agency originally establishing such rating, circumstances so warrant. Any downward revision or withdrawal of any rating may have an adverse affect on the market price of the PBC Series 2020C Bonds.

Cybersecurity Risks. Security breaches, including electronic break-ins, computer viruses, attacks by hackers and similar breaches could create disruptions or shutdowns of the PBC, County, or Library Board, or the unauthorized disclosure of confidential personal, health-related, credit and other information. If a security breach occurs, the PBC, County, or Library may incur significant costs to remediate possible injury to the affected persons, and the PBC, County, or Library Board may be subject to sanctions and civil penalties. Any failure to maintain proper functionality and security of information systems could interrupt operations, delay receipt of revenues, damage its reputation, subject it to liability claims or regulatory penalties and could have a material adverse effect on its operations, financial condition and results of operations.

COVID-19. The COVID-19 pandemic may have adverse impacts on the financial position and operations of the PBC, County, or Library Board and their ability to fund debt obligations, including the PBC Series 2020C Bonds. The PBC, County, and Library Board are not able to predict and make no representations as to the economic impact of the COVID-19 pandemic on such entities or their respective financial positions. See “Potential Impacts Resulting from Coronavirus (COVID-19)” above.

Natural Disasters or Terrorist Attacks. The occurrence of a terrorist attack in the County, or natural disasters, such as fires, tornados, earthquakes, floods or droughts, could damage the County and its systems and infrastructure, and interrupt services or otherwise impair operations.

PURPOSE

The PBC Series 2020C Bonds are being issued for the purpose of paying a portion of the costs to design, construct, furnish and equip improvements to the Central Resource Library, which is a public building owned by the Library Board.

SOURCES AND USES OF FUNDS

The composition of the PBC Series 2020C Bonds is estimated to be as follows:

Sources of Funds:	
Principal Amount	$6,175,000
Estimated Reoffering Premium	89,639
Total Sources of Funds	$6,264,639
Uses of Funds:	
Deposit to Redemption Fund	$6,107,000
Estimated Underwriter's Compensation	86,450
Costs of Issuance	71,189
Total Uses of Funds	$6,264,639

SECURITY FOR THE PBC SERIES 2020C BONDS

General

The PBC and the Library Board have entered into a First Amended and Restated Base Lease dated as of October 1, 2016, as amended by a First Amendment to First Amended and Restated Base Lease dated as of November 1, 2020 (collectively, as may be amended and supplemented, the "Base Lease"), wherein the Library Board leases certain real property and improvements located on such real property, including the site on which the improvements financed by the PBC Series 2020C Bonds are located (collectively, the "Facility") to the PBC for a term ending September 1, 2040. The PBC and the County have also entered into a First Amended and Restated Lease dated as of October 1, 2016, as amended by a First Amendment to First Amended and Restated Lease dated as of November 1, 2020 (collectively, as may be amended and supplemented, the "Lease"), wherein the PBC leases the Facility to the County for Basic Rent sufficient to provide funds to the PBC to pay the principal of, premium, if any, and interest on the Library Bonds. The term of the Lease will be co-terminus with the final maturity of the Library Bonds. The County has also entered into a First Amended and Restated Sublease dated as of October 1, 2016, as amended by a First Amendment to First Amended and Restated Sublease dated as of November 1, 2020 (collectively, as may be amended and supplemented, the "Sublease") with the Library Board, wherein the County subleases the Facility to the Library Board for sublease payments sufficient to provide funds to the County to pay the County's payments of Basic Rent under the Lease. The term of the Sublease terminates on the last day of the Library Board's current fiscal year and automatically renews for subsequent one-year intervals (unless the Library Board has terminated the Sublease in accordance with its terms) with a maximum term co-terminus with the final maturity of the Library Bonds. The Library Board will use and operate the Facility, and upon retirement of the Library Bonds, the Base Lease, the Lease and the Sublease will terminate and title to the Facility will be in the Library Board.

The Library Bonds, including the PBC Series 2020C Bonds, and the interest thereon will constitute special obligations of the PBC, payable solely from, and secured as to the payment of principal and interest by a pledge of the Trust Estate established under the Indenture (the "Trust Estate"), which includes the net earnings and revenues of the Facility, including, but not limited to, the rents, revenues and receipts received by the PBC under the Lease (including, in certain circumstances, bond proceeds and income from the temporary investment thereof and proceeds from insurance and condemnation awards). Rental payments to be made by the County under the Lease are intended to be sufficient, when added to other funds available for such purpose, to pay when due, the principal of, premium if any, and interest on the Library Bonds. The PBC has assigned its right, title and interest in the Base Lease and the Lease to the Trustee in accordance with the Indenture. The Library Board's rental payments under the Sublease are not pledged to repayment of the Library Bonds, although such payments are expected to be used by the County to pay the County's payments of Basic Rent under the Lease.

Pursuant to the Act, the obligations of the County for rentals payable under the Lease for its entire term are specifically exempted from the provisions of the State cash basis and budget laws and are not subject to annual appropriation, early cancellation or termination. The County's obligations under the Lease are subject to the Tax Lid applicable to counties in the State.

Upon settlement of the PBC Series 2020C Bonds, the PBC Series 2020C Bonds will be secured by the Indenture. The Library Bonds, including the PBC Series 2020C Bonds, and the interest thereon shall not constitute a debt or liability of the County, the Library Board, the State or any political subdivision for which there is an obligation to levy ad valorem taxes and the Library Bonds shall not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction. Payment of the Library Bonds shall be made from Basic Rent paid by the County under the Lease and held in trust by the Trustee in accordance with the Indenture. For a discussion of security-related issues which may provide a more detailed explanation of several of the security factors described herein, see the section entitled "RISK FACTORS."

The PBC covenants and agrees under the Indenture that, so long as the Library Bonds shall be outstanding, it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in the Indenture, in the Library Bonds and in all proceedings pertaining thereto. The PBC further covenants that it will pay, or cause to be paid, from Basic Rent paid by the County and other amounts received in respect to the Lease or available under the Indenture, the principal of, premium (if any) on and interest on the Library Bonds. The PBC covenants that it will cause such amounts received to be deposited with the Trustee prior to the due date of each installment of principal and interest and prior to the maturity of any Library Bond in amounts sufficient to pay such installment; **provided, however, that the principal of and interest on any Library Bond is not and shall not be deemed to represent a debt or pledge of the faith or credit of the County or the Library Board or grant to the holder of any Library Bond any right to have the County or the Library Board levy any taxes for the payment of debt service on the Library Bonds. The PBC has no taxing power. Such payment is to be made solely and only out of the moneys received pursuant to the Lease and the funds and accounts established and maintained with the Trustee pursuant to the Indenture.**

The County covenants and agrees, pursuant to the Lease, to pay the Basic Rent at the times and in the amounts set forth in the Lease. The Basic Rent shall be payable directly to the Trustee on behalf of the PBC at least one business day prior to each March 1 and September 1 payment date for the Library Bonds.

Parity Bonds

The PBC Series 2020C Bonds are secured primarily by the Lease on a parity with the following outstanding Library Bonds and such other Additional Bonds as may be issued under the Indenture or under a separate trust indenture and secured by the Lease from time to time in accordance with the provisions thereof:

- $4,000,000 Lease Purchase Revenue Bonds (Library Project), Series 2014B, outstanding in the amount of $1,715,000
- $16,365,000 Lease Purchase Revenue Bonds (Library Projects), Series 2016, outstanding in the principal amount of $13,565,000; and
- $6,175,000* Lease Purchase Revenue Bonds (Central Resource Library Project), Series 2020C, outstanding in the principal amount of $6,175,000.

* *Preliminary; subject to change.*

Sources of Revenue for Basic Rent

It is intended that the annual debt service for the Library Bonds will be paid by the sublease payments to be paid by the Library Board pursuant to the Sublease in an amount equal to the Basic Rent payable by the County pursuant to the Lease. Although other sources of revenue may become available to make such payments, the Library Board presently anticipates that all such payments will primarily be derived from the Library's Special Use Fund, which derives money from ad valorem property taxes. The Library Board's payments under the Sublease are not pledged to repayment of the Library Bonds.

Purchase Option

Under the Lease, so long as there is no Event of Default that has occurred and is continuing, the County, upon direction from the Library Board, may exercise its option to purchase discrete portions of the Facility when the allocable portions of Basic Rent attributable to such facilities have been paid in full. See Appendix III - "SUMMARY OF FINANCING DOCUMENTS – THE LEASE – Option to Purchase the Facility."

The Facility currently consists of the PBC's leasehold interest in certain land and improvements thereon, on which the following library facilities are located: (a) Central Resource Library, (b) Monticello Library, and (c) Leawood Pioneer Library.

Upon payment in full of that portion of the Basic Rent payable by the County pursuant to the Lease attributable to the portion of the PBC Series 2016A Bonds that financed improvements to Leawood Pioneer Library, the County, upon direction from the Library Board, may exercise its option to purchase the portion of the Facility allocable to Leawood Pioneer Library. Upon payment in full of that portion of the Basic Rent payable by the County pursuant to the Lease attributable to the PBC Series 2014B Bonds and the portion of the PBC Series 2016A Bonds that financed improvements to Monticello Library, the County, upon direction from the Library Board, may exercise its option to purchase the portion of the Facility allocable to Monticello Library. Upon payment in full of that portion of the Basic Rent payable by the County pursuant to the Lease attributable to the PBC Series 2014B Bonds and the PBC Series 2020C Bonds, the County, upon direction from the Library Board, may exercise its option to purchase the portion of the Facility allocable to Central Resource Library.

FUTURE FINANCINGS

With the exception of the issues discussed in the "CONCURRENT FINANCING" section herein, the PBC and the County do not anticipate issuing any additional long-term debt within the next 90 days.

ABSENCE OF LITIGATION

There is no controversy, suit or other proceeding of any kind pending or threatened wherein or whereby any question is raised or may be raised, questioning, disputing or affecting in any way the legal organization of the County, the Library Board, the PBC, or its boundaries, or the right or title of any of its officers to their respective offices, or the legality of any official act shown to have been done in the transcript evidencing the issuance of the PBC Series 2020C Bonds, or the constitutionality or validity of the indebtedness represented by the PBC Series 2020C Bonds shown to be authorized in said transcript, or the validity of the PBC Series 2020C Bonds, or any of the proceedings had in relation to the authorization, issuance or sale thereof, or the levy and collection of a tax to pay the principal and interest thereof.

LEGAL MATTERS

All matters incident to the authorization and issuance of the PBC Series 2020C Bonds are subject to the approval of Gilmore & Bell, P.C., Bond Counsel to the PBC. The factual and financial information appearing herein has been supplied or reviewed by certain officials of the PBC, the Library Board, and the County and the County's certified public accountants, as referred to herein, and Bond Counsel expresses no opinion as to the accuracy or sufficiency thereof, except for the matters appearing in the sections of this Official Statement captioned "THE PBC SERIES 2020C BONDS (except "THE PBC SERIES 2020C BONDS – Book Entry System)," "TAX MATTERS," "Appendix II – PROPOSED FORM OF BOND COUNSEL OPINION," "Appendix III – SUMMARY OF FINANCING DOCUMENTS," and "Appendix V – FORM OF CONTINUING DISCLOSURE UNDERTAKING." Certain legal matters will be passed on for the PBC and the County by Cynthia Dunham, Interim Chief Counsel to the Board of County Commissioners and Deputy Director of Legal Services.

TAX MATTERS

The following is a summary of the material federal and state income tax consequences of holding and disposing of the PBC Series 2020C Bonds. This summary is based upon laws, regulations, rulings and judicial decisions now in effect, all of which are subject to change (possibly on a retroactive basis). This summary does not discuss all aspects of federal income taxation that may be relevant to investors in light of their personal investment circumstances or describe the tax consequences to certain types of holders subject to special treatment under the federal income tax laws (for example, dealers in securities or other persons who do not hold the PBC Series 2020C Bonds as a capital asset, tax-exempt organizations, individual retirement accounts and other tax deferred accounts, and foreign taxpayers), and, except for the income tax laws of the State of Kansas, does not discuss the consequences to an owner under state, local, or foreign tax laws. The summary does not deal with the tax treatment of persons who purchase the PBC Series 2020C Bonds in the secondary market. Prospective investors are advised to consult their own tax advisors regarding federal, state, local and other tax considerations of holding and disposing of the PBC Series 2020C Bonds.

<u>Opinion of Bond Counsel</u>. In the opinion of Gilmore & Bell, P.C., Bond Counsel to the PBC, under the law existing as of the issue date of the PBC Series 2020C Bonds:

Federal Tax Exemption. The interest on the PBC Series 2020C Bonds [(including any original issue discount properly allocable to an owner thereof)] is excludable from gross income for federal income tax purposes.

Alternative Minimum Tax. The interest on the PBC Series 2020C Bonds is not an item of tax preference for purposes of computing the federal alternative minimum tax.

Bank Qualification. The PBC Series 2020C Bonds have **not** been designated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.

Kansas Tax Exemption. The interest on the PBC Series 2020C Bonds is exempt from income taxation by the State.

Bond Counsel's opinions are provided as of the date of the original issue of the PBC Series 2020C Bonds, subject to the condition that the PBC and the County comply with all requirements of the Code that must be satisfied subsequent to the issuance of the PBC Series 2020C Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The PBC and the County have covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause the inclusion of interest on the PBC Series 2020C Bonds in gross income for federal income tax purposes retroactive to the date of issuance of the PBC Series 2020C Bonds. Bond Counsel is expressing no opinion regarding other federal, state or local tax consequences arising with respect to the PBC Series 2020C Bonds.

Other Tax Consequences

[*Original Issue Discount.* For federal income tax purposes, original issue discount is the excess of the stated redemption price at maturity of a PBC Series 2020C Bond over its issue price. The stated redemption price at maturity of a PBC Series 2020C Bond is the sum of all payments on the PBC Series 2020C Bond other than "qualified stated interest" (i.e., interest unconditionally payable at least annually at a single fixed rate). The issue price of a PBC Series 2020C Bond is generally the first price at which a substantial amount of the PBC Series 2020C Bonds of that maturity have been sold to the public. Under Code § 1288, original issue discount on tax-exempt bonds accrues on a compound basis. The amount of original issue discount that accrues to an owner of a PBC Series 2020C Bond during any accrual period generally equals: (a) the issue price of that PBC Series 2020C Bond, plus the amount of original issue discount accrued in all prior accrual periods; multiplied by (b) the yield to maturity on that PBC Series 2020C Bond (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period); minus (c) any interest payable on that PBC Series 2020C Bond during that accrual period. The amount of original issue discount accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be excludable from gross income for federal income tax purposes, and will increase the owner's tax basis in that PBC Series 2020C Bond. Prospective investors should consult their own tax advisors concerning the calculation and accrual of original issue discount.]

[*Original Issue Premium.* For federal income tax purposes, premium is the excess of the issue price of a PBC Series 2020C Bond over its stated redemption price at maturity. The stated redemption price at maturity of a Bond is the sum of all payments on the Bond other than "qualified stated interest" (i.e., interest unconditionally payable at least annually at a single fixed rate). The issue price of a PBC Series 2020C Bond is generally the first price at which a substantial amount of the PBC Series 2020C Bonds of that maturity have been sold to the public. Under Code § Section 171, the premium on tax-exempt obligations amortizes over the term of the PBC Series 2020C Bond using constant yield principles, based on the purchaser's yield to maturity. As premium is amortized, the owner's basis in the PBC Series 2020C Bond and the amount of tax-exempt interest received will be reduced by the amount of amortizable premium properly allocable to the owner, which will result in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes on sale or disposition of the PBC Series 2020C Bond prior to its maturity. Even though the owner's basis is reduced, no federal income tax deduction is allowed. Prospective investors should consult their own tax advisors concerning the calculation and accrual of bond premium.]

Collateral Federal Income Tax Consequences. Prospective purchasers of the PBC Series 2020C Bonds should be aware that ownership of the PBC Series 2020C Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S corporations with "excess net passive income," foreign corporations subject to the branch profits tax, life insurance companies, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry or have paid or incurred certain expenses allocable to the PBC Series 2020C Bonds. Bond Counsel expresses no opinion regarding these tax consequences. Purchasers of PBC Series 2020C Bonds should consult their tax advisors as to the applicability of these tax consequences and other federal income tax consequences of the purchase, ownership and disposition of the PBC Series 2020C Bonds, including the possible application of state, local, foreign and other tax laws.

Sale, Exchange or Retirement of PBC Series 2020C Bonds. Upon the sale, exchange or retirement (including redemption) of a PBC Series 2020C Bond, an owner of the PBC Series 2020C Bond generally will recognize gain or loss in an amount equal to the difference between the amount of cash and the fair market value of any property received on the sale, exchange or retirement of the PBC Series 2020C Bond (other than in respect of accrued and unpaid interest) and such owner's adjusted tax basis in the PBC Series 2020C Bond. To the extent a PBC Series 2020C Bond is held as a capital asset, such gain or loss will be capital gain or loss and will be long-term capital gain or loss if the PBC Series 2020C Bond has been held for more than 12 months at the time of sale, exchange or retirement.

Reporting Requirements. In general, information reporting requirements will apply to certain payments of principal, interest and premium paid on PBC Series 2020C Bonds, and to the proceeds paid on the sale of the PBC Series 2020C Bonds, other than certain exempt recipients (such as corporations and foreign entities). A backup withholding tax will apply to such payments if the owner fails to provide a taxpayer identification number or certification of foreign or other exempt status or fails to report in full dividend and interest income. The amount of any backup withholding from a payment to an owner will be allowed as a credit against the owner's federal income tax liability.

RATINGS

Application for ratings of the PBC Series 2020C Bonds has been made to Moody's Investors Service ("Moody's"), 7 World Trade Center, 250 Greenwich Street, 23rd Floor, New York, New York and S&P Global Ratings ("S&P"), 55 Water Street, New York, New York. If ratings are assigned, they will reflect only the opinion of Moody's or S&P. Any explanation of the significance of the ratings may be obtained only from Moody's or S&P.

There is no assurance that a rating, if assigned, will continue for any given period of time, or that such ratings will not be revised, suspended or withdrawn, if, in the judgment of Moody's or S&P, circumstances so warrant. A revision, suspension or withdrawal of a rating may have an adverse effect on the market price of the PBC Series 2020C Bonds.

MUNICIPAL ADVISOR

The PBC and the County has retained Baker Tilly Municipal Advisors, LLC as municipal advisor in connection with certain aspects of the issuance of PBC Series 2020C Bonds (the "Municipal Advisor" or "BTMA"). BTMA is a registered municipal advisor and a wholly-owned subsidiary of Baker Tilly US, LLP ("BTUS"), an accounting firm and has been retained by the PBC and the County to provide certain financial advisory services including, among other things, preparation of the deemed "nearly final" Preliminary Official Statement and the Final Official Statement (the "Official Statements"). The information contained in the Official Statements has been compiled from records and other materials provided by PBC and County officials and other sources deemed to be reliable. The Municipal Advisor has not and will not independently verify the completeness and accuracy of the information contained in the Official Statements. The Municipal Advisor's duties, responsibilities and fees arise solely as Municipal Advisor to the PBC and the County and they have no secondary obligations or other responsibility.

Municipal Advisor Registration:

BTMA is a Municipal Advisor registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board. As such, BTMA is providing certain specific municipal advisory services to the PBC and the County, but is neither a placement agent to the PBC or the County nor a broker/dealer and cannot participate in the underwriting of the PBC Series 2020C Bonds.

The offer and sale of the PBC Series 2020C Bonds shall be made by the PBC or the County, in the sole discretion of the PBC and the County, and under its control and supervision. The PBC and the County has agreed that BTMA does not undertake to sell or attempt to sell the PBC Series 2020C Bonds, and will take no part in the sale thereof.

Other Financial Industry Activities and Affiliations:

BTUS is an advisory, tax and assurance firm headquartered in Chicago, Illinois. BTUS and its affiliated entities, have operations in North America, South America, Europe, Asia and Australia. BTUS is an independent member of Baker Tilly International, a worldwide network of independent accounting and business advisory firms in 47 territories, with 33,600 professionals.

Baker Tilly Investment Services, LLC ("BTIS") is registered as an investment adviser with the Securities and Exchange Commission ("SEC") under the Federal Investment Advisers Act of 1940. BTIS provides discretionary and non-discretionary investment management services to government and municipal entities. BTIS may provide advisory services to the clients of BTMA.

Baker Tilly Capital, LLC ("BTC"), a wholly owned subsidiary of BTUS, is a limited purpose broker/dealer registered with the SEC and member of the Financial Industry Regulatory Authority ("FINRA"). BTC provides merger & acquisition, capital sourcing and corporate finance advisory services. BTC may provide transaction advisory services to clients of BTMA.

Baker Tilly Financial, LLC ("BTF"), a wholly owned subsidiary of BTUS, is an investment adviser registered with the SEC. BTF provides both discretionary and non-discretionary portfolio management, , consulting and retirement plan management services to individuals and retirement plans. BTF may provide advisory services to the clients of BTMA.

BTMA has no other activities or arrangements that are material to its advisory business or its clients with a related person who is a broker-dealer, investment company, other investment adviser or financial planner, bank, law firm or other financial entity.

CERTIFICATION

The information provided by the PBC and the County in this Official Statement, to the best of our knowledge, does not contain an untrue statement of a material fact or omit a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

This Official Statement has been approved by the Public Building Commission of Johnson County, Kansas and Johnson County, Kansas.

Dated: September 24, 2020

Public Building Commission of
Johnson County, Kansas

Johnson County, Kansas

GENERAL AND FINANCIAL INFORMATION
CONCERNING JOHNSON COUNTY, KANSAS

The PBC Series 2020C Bonds do not constitute a general obligation of the County. The following pages are provided for informational purposes only.

COUNTY PROPERTY VALUES

The determination of assessed valuation and the collection of property taxes for all political subdivisions in the State of Kansas is conducted by Kansas counties. The Johnson County Appraiser's office determines annually the assessed valuation that is used as a basis for the mill levy on property located in the County. The County Appraiser's determination is based on criteria established by Kansas Statute.

The market valuation of every property must be updated every year, with physical inspection required once every six years. Valuations as of January 1 are made available in September of each year for taxes payable during the next calendar year. The State Constitution provides that, for ad valorem taxation purposes, real and personal property are divided into classes and assessed at percentages of market value. See Appendix IV for a discussion of property classes and assessment ratios.

Trend of Values

Year[(a)]	Johnson County Sales Ratio	Appraised Valuation	Taxable Assessed Valuation[(b)]	Motor and Recreational Vehicles	Equalized Assessed Tangible Valuation
2019/20	N/A	$85,845,759,620	$11,150,320,050	$1,007,364,243	$12,157,684,293
2018/19	69.2%	82,057,372,161	10,558,374,635	972,795,535	11,531,170,170
2017/18	79.6	76,464,420,387	9,858,473,397	936,987,361	10,795,460,758
2016/17	82.9	71,258,958,403	9,229,880,308	899,572,091	10,129,452,399
2015/16	80.8	67,091,395,124	8,596,593,490	855,894,402	9,452,487,892

(a) *As valued in the first year for the purpose of computing the rates of taxes collectible in the following year.*

(b) *The value of motor and recreational vehicles is not included in total property valuation for determining the property tax levy. It is, however, included in total property valuation for determining the County's debt limit.*

Sources: Johnson County, the Kansas Sales Ratio Study, and the Annual Abstract of Taxes, published by the County Clerk's office of Johnson County, Kansas. For an explanation of Kansas property taxes, see Appendix IV.

2019/20 Equalized Assessed Tangible Valuation: $12,157,684,293

Real Property	$10,798,575,181	96.8%
Personal Property	88,837,196	0.8
State Assessed Utilities	262,907,673	2.4
Total Taxable Assessed Valuation	$11,150,320,050	100.0%
Motor and Recreational Vehicles	1,007,364,243	
Total Equalized Assessed Tangible Valuation	$12,157,684,293	

Source: Johnson County Clerk's Office, May 2020.

The appraiser's determination is based on a number of criteria established by Kansas statute. All property, with the exception of agricultural land, is appraised based on estimated fair market value. Agricultural property is appraised based on productivity value. Kansas statutes require that each parcel of real property be reviewed and inspected by the county appraiser once every four years for taxation purposes. Once appraised valuations have been determined, they are multiplied by the applicable statutory assessment rates to arrive at the assessed valuations. The total assessed valuation is then used to establish property tax rates.

Taxpayers may challenge the appraised value of their property by paying property taxes under protest. Such challenges are subject to administrative and judicial review. Taxes paid under protest are distributed to taxing jurisdictions in the same manner as all other property tax collections. If a taxpayer's challenge to the appraiser's valuation is successful, the County is liable to refund the amount of property taxes attributable to the protested value that was previously paid under protest. The County will then withhold from future property tax distributions to itself and other taxing jurisdictions an amount equal to the jurisdiction's pro rata share of such refund. Any such withholdings from future property tax distributions may have a material adverse effect on the County's financial situation.

Ten of the Largest Taxpayers in the County

Taxpayer	Type of Property	2019/20 Assessed Valuation
Evergy, Inc.[(a)]	Utility	$134,820,374
OPS-KS LLC	Real Estate	86,050,012
Oak Park Mall, LP	Real Estate	77,189,738
Corporate Woods Kansas Realty LP	Real Estate	63,040,946
Wal-Mart Real Estate Business Trust	Real Estate	34,747,521
Tower Properties Company	Real Estate	31,571,332
Leawood Town Center Plaza	Real Estate	29,235,501
Garmin Realty, LLC	Real Estate	25,907,003
BNSF	Utility	25,475,214
Target Corporation	Real Estate	25,402,760
Total		$533,440,401[(b)]

(a) *Westar Energy and Kansas City Power and Light Company have merged to form Evergy, Inc.*

(b) *Evergy, Inc. represents 1.1% of the County's 2019/20 equalized assessed tangible valuation. The remaining nine taxpayers represents 3.3% of the County's 2019/20 equalized assessed tangible valuation.*

Source: Johnson County.

COUNTY INDEBTEDNESS

Legal Debt Limit and Margin

All Kansas statutory debt limitations are expressed as a percentage of the assessed valuation determined for the year previous to the date of the issued debt. Kansas counties are limited in the issuance of general obligation debt (that is not otherwise exempt by statute) to three percent (3%) of the assessed valuation of County real property, personal property, utilities, motor vehicles and recreational vehicles. The County's specific debt limitation statutes, as amended, are as follows with the percentage limitation set out in the chart below: Airport Bonds, K.S.A. 3-304; Street Bonds, K.S.A 68-584; Library Bonds, K.S.A. 12-1257; and Park and Recreation Bonds, K.S.A. 19-2874.

The following schedule presents the County's available debt margin computation based on the County's 2019/20 assessed valuation, outstanding debt, and debt service funds as of December 31, 2019.

	General	Airport	Streets	Library[(a)]
Assessed Valuation For Debt Limitation Purposes	$12,157,684,293	$12,157,684,293	$12,157,684,293	$9,919,088,782
Percentage Limitation[(b)]	3.0%	1.0%	2.0%	2.0%
Dollar Debt Limit	$ 364,730,529	$ 121,576,843	$ 243,153,686	$ 198,381,776
Outstanding Debt[(c)]	(4,175,000)	(1,555,000)	--	--
Available Debt Margin	$ 360,555,529	$ 120,021,843	$ 243,153,686	$ 198,381,776

(a) *Library total equalized tangible valuation excludes real and personal property located within the city limits of the City of Olathe, Kansas, and the City of Bonner Springs, Kansas.*

(b) *Source: 2019 Annual Abstract of Taxes as published by the County Clerk's office of Johnson County, Kansas and Kansas Statutes, General K.S.A 10-306, Airport K.S.A. 3-304, Streets K.S.A. 68-584, Library K.S.A. 12-1257, Park and Recreation K.S.A. 19-2874.*

(c) *Includes all general obligation bonds and notes except bonds that have been refunded, wastewater bonds, and other bonds which are not subject to debt limitation as per General K.S.A. 10-306, 10-307, 10-427a, Airport K.S.A. 3-304, Street K.S.A. 68-728.*

County's Outstanding Debt

The summaries of the County's outstanding debt on the following pages are the amounts expected to be outstanding as of November 10, 2020 following the issuance of the County Bonds and the PBC Bonds and excluding the maturities refunded by proceeds of the County Bonds or the PBC Bonds (the "Refunded Maturities").

General Obligation Debt

Improvement

Date of Issue	Original Amount	Purpose	Final Maturity	Est. Principal Outstanding
8-15-12	$ 730,000	Mental Health Refunding	9-1-2025	$ 390,000
10-27-16	1,580,000	County Radio	9-1-2026	1,030,000
11-2-17	975,000	EMC Station Alerting	9-1-2027	725,000
8-22-18	9,205,000	Voting Machines	9-1-2028	7,705,000
12-11-19	2,670,000	Sheriff Radio	9-1-2029	2,420,000
Total				$12,270,000

Special Assessment

Date of Issue	Original Amount	Purpose	Final Maturity	Est. Principal Outstanding
10-27-16	$106,900	Benefit Districts	9-1-2026	$ 69,800
8-20-20	65,000	Benefit Districts	9-1-2030	65,000
Total				$134,800

Wastewater Debt

General Obligation[(a)]

Date of Issue	Original Amount	Purpose	Final Maturity	Est. Principal Outstanding
12-17-09	$ 14,463,175	Wastewater Refunding	9-1-2022	$ 930,000
11-10-11	16,790,000	Wastewater Improvements	9-1-2021	840,000
8-15-12	37,350,000	Wastewater Improvements	9-1-2022	3,495,000[(b)]
8-15-12	26,275,000	Wastewater Refunding	9-1-2025	13,965,000
10-22-13	40,685,000	Wastewater Improvements	9-1-2022	3,690,000[(c)]
11-25-14	20,205,000	Wastewater Improvements	9-1-2034	15,775,000
11-25-14	38,480,000	Wastewater Refunding	9-1-2027	28,010,000
12-17-15	28,605,000	Wastewater	9-1-2035	23,300,000
12-17-15	24,415,000	Wastewater Refunding	9-1-2028	20,480,000
10-27-16	32,758,100	Wastewater Improvements	9-1-2036	30,415,200
10-27-16	10,570,000	Wastewater Refunding	9-1-2029	9,695,000
11-2-17	14,805,000	Wastewater Improvements	9-1-2037	13,230,000
8-22-18	207,930,000	Tomahawk Wastewater Treatment Plant	9-1-2040	207,930,000
8-22-18	15,655,000	Wastewater Improvements	9-1-2040	15,655,000
12-11-19	19,495,000	Wastewater Improvements	9-1-2039	18,655,000
8-20-20	95,650,000	Wastewater Improvements & Refunding	9-1-2040	95,650,000
8-20-20	9,415,000	Taxable Wastewater Refunding	9-1-2024	9,415,000
11-10-20	5,080,000	Wastewater Refunding (the County Series 2020C Bonds)	9-1-2030	5,080,000
11-10-20	52,185,000	Taxable Wastewater Refunding (the County Series 2020D Bonds)	9-1-2033	52,185,000
Total				$568,395,200

(a) *Excludes the County Series 2010C Refunded Maturities.*

(b) *Excludes the County Series 2012A Refunded Maturities.*

(c) *Excludes the County Series 2013A Refunded Maturities.*

State Loans

Date of Issue	Original Amount	Purpose	Final Maturity	Est. Principal Outstanding
12-1-04	$12,519,392	Mill Creek	3-1-2026	$ 4,035,315
11-16-09	9,914,190	Middle Basin Green Project	3-1-2031	5,840,263[(a)]
9-15-13	6,423,403	Gardner Lake	9-1-2034	4,412,409[(b)]
9-22-13	677,380	Lone Elm	9-1-2033	493,430[(c)]
Total				$14,781,417

(a) *The total amount authorized and received for this loan is $18,307,269. Of the total amount, $8,393,079 is eligible for principal forgiveness. The total amount to be repaid is $9,914,190.*

(b) *The total amount authorized for this loan is $10,193,392. Of the total authorized amount, $4,077,357 is eligible for principal forgiveness. The total amount to be repaid is $6,116,035.*

(c) *The total amount authorized for this loan is $1,128,967. Of the total amount, $451,587 has been received as of March 31, 2020. Of the total authorized amount, $581,168 is eligible for principal forgiveness. The total amount to be repaid is $677,380.*

Airport Debt

General Obligation

Date of Issue	Original Amount	Purpose	Final Maturity	Est. Principal Outstanding
12-17-15	$1,910,000	Airport Land	9-1-2035	$1,555,000
12-17-15	1,125,000	Airport Refunding	9-1-2028	940,000
Total				$2,495,000

Public Building Commission (PBC) Debt

General County Facilities

These PBC bonds are secured primarily by basic rent payments made by the County to the PBC pursuant to that certain Amended and Partially Restated Lease Agreement dated as of November 1, 2003, as amended from time to time (the "2003 Lease").

A portion of the County's Lease Payments under the 2003 Lease allocable to certain of the PBC bonds shown below are not exempt from the Tax Lid because a portion of such obligations were entered into after July 1, 2016. See "Budgetary Information" herein.

Date of Issue	Original Amount	Purpose	Final Maturity	Est. Principal Outstanding
6-3-10	$ 6,120,000	Refunding	9-1-2022	$ 170,000
8-15-12	16,635,000	Refunding	9-1-2025	8,730,000
11-25-14	1,995,000	County Courthouse	9-1-2024	895,000
12-17-15	41,725,000	Refunding	9-1-2028	33,635,000
10-27-16	9,175,000	Juvenile Services/Crime Lab Refunding	9-1-2029	8,370,000
11-2-17	23,125,000	Adult Detention/Olathe Adult Detention/ Refunding	9-1-2031	22,640,000
9-5-18	148,595,000	Courthouse and Medical Examiner's Facility	9-1-2027	143,800,000
12-11-19	1,390,000	Adult Residental Center 3/Sheriff Op Bldg/ Century Adult Detention	9-1-2039	1,320,000
8-27-20	16,995,000	Refunding	9-1-2030	16,995,000
8-27-20	10,585,000	Taxable Refunding	9-1-2031	10,585,000
Total				$247,140,000

Public Works*

These PBC bonds are secured primarily by basic rent payments made by the County to the PBC pursuant to that certain Lease Agreement dated as of June 1, 2010, as amended from time to time (the "2010 Lease").

Date of Issue	Original Amount	Purpose	Final Maturity	Est. Principal Outstanding
11-10-20	$7,280,000	Public Works Building Refunding (the PBC Series 2020D Bonds)	9-1-2030	$7,280,000

* *Excludes the PBC Series 2010A Refunded Maturities.*

Arts and Heritage Facility

These PBC bonds are secured primarily by basic rent payments made by the County to the PBC pursuant to that certain Lease dated as of June 1, 2015.

Date of Issue	Original Amount	Purpose	Final Maturity	Est. Principal Outstanding
6-30-15	$21,460,000	Arts & Heritage Center	9-1-2035	$17,375,000

Library Facilities

Central Resource, Leawood Pioneer, and Monticello Libraries. These PBC bonds are secured primarily by basic rent payments made by the County to the PBC pursuant to that certain First Amended and Restated Lease Agreement dated as of October 1, 2016, as amended (the "2016 Lease"). A portion of the County's Basic Rent pursuant to the 2016 Lease entered into with respect to these bonds is not exempt from the Tax Lid because such payment obligations did not exist prior to July 1, 2016. See "Budgetary Information" herein.

The County has entered into a Sublease with the Library Board, wherein the County has subleased the facilities to the Library Board for sublease payments sufficient to provide funds to the County to pay the County's payments of Basic Rent under the Lease with the PBC with respect to these facilities. The sublease payments are not pledged to repayment of the bonds.

Date of Issue	Original Amount	Purpose	Final Maturity	Est. Principal Outstanding
11-25-14	$ 4,000,000	Library	9-1-2024	$ 1,715,000
10-27-16	16,365,000	Library	9-1-2036	13,565,000
11-10-20	6,175,000	Central Resource Library (the PBC Series 2020C Bonds)	9-1-2040	6,175,000
Total				$21,455,000

Lenexa City Center Library. These PBC bonds are secured primarily by basic rent payments made by the County to the PBC pursuant to that certain Lease dated as of November 1, 2017 (the "2017 Lease"). The County's Rental Payments pursuant to the 2017 Lease entered into with respect to these bonds are not exempt from the Tax Lid because such Lease was not entered into prior to July 1, 2016. See "Budgetary Information" herein.

The County has entered into a sublease with the Library Board, wherein the County will sublease the facilities to the Library Board for sublease payments sufficient to provide funds to the County to pay the County's payments of Basic Rent under the 2017 Lease with the PBC with respect to these facilities. The sublease payments are not pledged to the repayment of the bonds.

Date of Issue	Original Amount	Purpose	Final Maturity	Est. Principal Outstanding
11-2-17	$15,060,000	Library	9-1-2037	$13,175,000

Estimated Calendar Year Debt Service Payments Including the County Bonds, the PBC Bonds and Excluding the Refunded Maturities

	General Obligation Improvement Debt		General Obligation Special Assessment Debt	
Year	Principal	Principal & Interest	Principal	Principal & Interest
2020 (at 11-10)	(Paid)	(Paid)	(Paid)	(Paid)
2021	$ 1,345,000	$ 1,926,125	$ 15,300	$ 20,800
2022	1,420,000	1,937,675	15,800	20,575
2023	1,480,000	1,930,575	16,300	20,385
2024	1,560,000	1,940,900	16,800	20,170
2025	1,620,000	1,927,050	17,500	20,130
2026	1,615,000	1,845,400	18,100	19,955
2027	1,485,000	1,637,450	5,000	6,050
2028	1,430,000	1,511,100	10,000	10,900
2029	315,000	327,600	10,000	10,600
2030			10,000	10,300
Total	$12,270,000	$14,983,875	$134,800	$159,865

	Wastewater General Obligation Debt		Wastewater State Loans	
Year	Principal	Principal & Interest(a)	Principal	Principal & Interest
2020 (at 11-10)	(Paid)	(Paid)	(Paid)	(Paid)
2021	$ 21,919,700	$ 43,136,649	$ 1,473,502	$ 1,820,481
2022	22,979,200	43,376,994	1,513,923	1,824,190
2023	30,163,700	47,867,106	1,555,458	1,828,000
2024	36,718,200	53,316,696	1,598,136	1,831,916
2025	37,282,500	52,456,866	1,641,990	1,835,938
2026	35,666,900	49,467,991	1,287,984	1,441,004
2027	34,060,000	46,584,616	918,019	1,044,680
2028	33,205,000	44,509,966	942,111	1,046,990
2029	31,225,000	41,431,660	966,838	1,049,361
2030	29,595,000	38,667,914	992,216	1,051,794
2031	29,870,000	38,112,464	696,679	732,707
2032	29,855,000	37,080,764	388,648	412,474
2033	28,180,000	34,558,931	398,110	413,452
2034	26,240,000	31,806,025	407,803	414,453
2035	25,660,000	30,335,806		
2036	24,475,000	28,275,781		
2037	22,795,000	25,763,856		
2038	22,545,000	24,727,394		
2039	23,260,000	24,741,144		
2040	22,700,000	23,434,313		
Total	$568,395,200(b)	$759,652,936	$14,781,417(c)	$16,747,440

(a) *Includes the County Series 2020C Bonds and the County Series 2020D Bonds at assumed average annual interest rates of 2.00% and 1.59%, respectively, and excludes the County Series 2010C Refunded Maturities, the County Series 2012A Refunded Maturities, and the County Series 2013A Refunded Maturities.*

(b) *55.0% of this debt will be retired within ten years.*

(c) *87.2% of this debt will be retired within ten years. Repayment schedule assumes the principal forgiveness of state revolving loan as noted previously. Amounts shown in this schedule are based on the preliminary loan schedules provided by the State of Kansas and do not include repayment on funds not yet advanced.*

Estimated Calendar Year Debt Service Payments Including the County Bonds, the PBC Bonds and Excluding the Refunded Maturities (Continued)

	Airport General Obligation Debt		Public Building Commission Debt General County Facilities	
Year	Principal	Principal & Interest	Principal	Principal & Interest
2020 (at 11-10)	(Paid)	(Paid)	(Paid)	(Paid)
2021	$ 170,000	$ 269,375	$ 22,080,000	$ 32,346,956
2022	180,000	270,875	32,805,000	42,203,113
2023	200,000	281,875	34,240,000	42,177,163
2024	205,000	276,875	33,920,000	40,453,213
2025	220,000	281,625	33,675,000	38,666,113
2026	225,000	275,625	33,380,000	36,799,563
2027	230,000	273,875	34,150,000	36,083,138
2028	240,000	276,975	9,280,000	9,947,988
2029	105,000	133,425	5,215,000	5,608,564
2030	110,000	135,275	4,300,000	4,550,746
2031	115,000	136,700	3,545,000	3,671,421
2032	120,000	137,963	70,000	84,156
2033	120,000	133,763	70,000	82,581
2034	125,000	134,563	70,000	80,919
2035	130,000	134,875	70,000	79,169
2036			70,000	77,419
2037			70,000	75,581
2038			65,000	68,656
2039			65,000	66,869
Total	$2,495,000[(a)]	$3,153,664	$247,140,000[(b)]	$293,123,328

[(a)] *75.6% of this debt will be retired within ten years.*

[(b)] *98.3% of this debt will be retired within ten years.*

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Estimated Calendar Year Debt Service Payments Including the County Bonds, the PBC Bonds and Excluding the Refunded Maturities (Continued)

	Public Building Commission Debt Public Works		Public Building Commission Debt Arts and Heritage Facility	
Year	Principal	Principal & Interest[a]	Principal	Principal & Interest
2020 (at 11-10)	(Paid)	(Paid)	(Paid)	(Paid)
2021	$ 95,000	$ 212,693	$ 890,000	$ 1,509,034
2022	735,000	878,700	920,000	1,512,334
2023	750,000	879,000	955,000	1,510,534
2024	770,000	884,000	990,000	1,507,334
2025	780,000	878,600	1,030,000	1,507,734
2026	795,000	878,000	1,075,000	1,511,534
2027	815,000	882,100	1,105,000	1,509,284
2028	825,000	875,800	1,160,000	1,520,084
2029	850,000	884,300	1,195,000	1,518,834
2030	865,000	882,300	1,230,000	1,514,996
2031			1,275,000	1,519,406
2032			1,315,000	1,516,375
2033			1,360,000	1,515,350
2034			1,410,000	1,516,050
2035			1,465,000	1,519,938
Total	$7,280,000	$8,135,493	$17,375,000[b]	$22,708,821

(a) *Includes the PBC Series 2020D Bonds at an assumed average annual interest rate of 2.00% and excludes the PBC Series 2010A Refunded Maturities.*

(b) *60.7% of this debt will be retired within ten years.*

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Estimated Calendar Year Debt Service Payments Including the County Bonds, the PBC Bonds and Excluding the Refunded Maturities (Continued)

	Public Building Commission Debt Library Facilities – Central Resource, Leawood Pioneer, and Monticello		Public Building Commission Debt Library Facilities – Lenexa City Center Library	
Year	Principal	Principal & Interest[(a)]	Principal	Principal & Interest
2020 (at 11-10)	(Paid)	(Paid)	(Paid)	(Paid)
2021	$ 1,450,000	$ 2,110,519	$ 630,000	$ 995,281
2022	1,495,000	2,117,989	645,000	997,681
2023	1,555,000	2,115,389	655,000	994,781
2024	1,620,000	2,115,089	670,000	996,681
2025	1,220,000	1,646,889	680,000	993,281
2026	1,275,000	1,649,289	705,000	997,881
2027	1,340,000	1,659,089	725,000	996,731
2028	1,390,000	1,650,789	740,000	996,325
2029	1,005,000	1,240,939	760,000	994,125
2030	1,025,000	1,242,658	785,000	996,325
2031	1,045,000	1,242,445	805,000	992,775
2032	1,070,000	1,244,990	830,000	993,625
2033	1,095,000	1,245,720	855,000	993,725
2034	1,120,000	1,244,260	880,000	993,075
2035	1,150,000	1,245,860	910,000	996,675
2036	1,180,000	1,244,330	935,000	994,375
2037	345,000	376,778	965,000	995,156
2038	350,000	374,188		
2039	360,000	376,313		
2040	365,000	373,213		
Total	$21,455,000[(b)]	$26,516,736	$13,175,000[(c)]	$16,918,498

(a) *Includes the PBC Series 2020C Bonds at an assumed average annual interest rate of 1.97%.*

(b) *62.3% of this debt will be retired within ten years.*

(c) *53.1% of this debt will be retired within ten years.*

Other Debt Obligations

Capital Leases

The County has entered into various capital leases for assets. The following is a schedule by years of future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2019 were as follows:

Year Ending December 31	
2020	$ 725,672
2021	704,904
2022	704,904
2023	704,904
Total Minimum Lease Payments	$2,840,384
Less Amounts Representing Interest	(262,560)
Present Value of Minimum Lease Payments	$2,577,824

Overlapping Debt

Taxing Unit(a)	2019/20 Total Assessed Value in County	Est. G.O. Debt as of 11-5-20(b)	Debt Applicable to County Percent	Debt Applicable to County Amount(c)
Cities:				
Bonner Springs	$ 6,016,821	$ 22,765,000	5.76%	$ 1,311,264
DeSoto	82,719,241	17,800,000	99.89	17,780,420
Edgerton	62,557,012	6,480,000	100.00	6,480,000
Fairway	103,000,427	7,560,000	100.00	7,560,000
Gardner	200,483,589	64,060,000	100.00	64,060,000
Leawood	1,016,447,761	75,430,000	100.00	75,430,000
Lenexa	1,261,434,149	130,284,000	100.00	130,284,000
Merriam	205,176,346	1,685,000	100.00	1,685,000
Mission	160,906,225	17,985,000	100.00	17,985,000
Mission Hills	198,879,878	2,195,000	100.00	2,195,000
Olathe	2,022,941,525	228,445,000	100.00	228,445,000
Overland Park	3,857,140,809	83,435,000	100.00	83,435,000
Prairie Village	437,852,863	23,295,000	100.00	23,295,000
Roeland Park	88,833,845	2,135,000	100.00	2,135,000
Shawnee	975,609,892	43,715,000	100.00	43,715,000
Spring Hill	43,863,638	11,117,716	67.87	11,117,716
Westwood	29,624,341	3,370,000	100.00	3,370,000
School Districts:				
Blue Valley USD 229	3,316,807,885	366,570,000	99.98	366,496,686
Spring Hill USD 230	229,511,284	220,600,000	78.78	182,524,440
Gardner USD 231	352,700,395	121,480,000	98.04	119,378,396
DeSoto USD 232	578,575,016	157,680,000	100.00	157,680,000
Olathe USD 233	2,587,273,542	171,589,177	100.00	171,589,177
Wellsville USD 289	30,866	1,375,000	0.04	688
Eudora USD 491	1,507,800	49,925,000	0.04	1,043,433
Shawnee Mission USD 512	4,083,910,992	337,895,000	100.00	337,895,000
Other Entities:				
Community College	11,150,320,050	47,905,000	100.00	47,905,000
Park and Recreation	11,150,320,050	34,970,000	100.00	34,970,000
Fire District #1	347,075,480	12,210,000	100.00	12,210,000
Fire District #2	239,668,792	7,940,000	100.00	7,940,000
Total Overlapping Debt				$2,159,916,220

(a) *Only those units with outstanding general obligation debt are shown here.*

(b) *Includes general obligation bonds and special assessment bonds with governmental commitment. Excludes general obligation debt supported by revenues and temporary notes.*

(c) *Based upon assessed valuation within Johnson County as a percent of total assessed valuation.*

Debt Ratios*

	G.O. Direct Debt	G.O. Overlapping & Direct Debt
To 2019/20 Appraised Valuation ($85,845,759,620)	0.35%	2.86%
To 2019/20 Equalized Assessed Tangible Valuation ($12,157,684,293)	2.44%	20.21%
Per Capita (602,401 – Current County Estimate)	$492	$4,078

* *Includes general obligation bonds supported by taxes and assessments, lease obligations, and general obligation airport and library debt.*

COUNTY TAX RATES, LEVIES AND COLLECTIONS

Tax Rates Per $1,000 of Assessed Value

	2015/16	2016/17	2017/18	2018/19	2019/20
County Wide					
County	19.582	19.590	19.318	19.024	19.036
County Library*	3.912	3.915	3.921	3.901	3.904
County Park & Recreation	3.101	3.102	3.112	3.088	3.090
Total	26.595	26.607	26.351	26.013	26.030

* *Includes only a portion of the County.*

Source: Annual Abstract of Taxes published by the County Clerk's office of Johnson County, Kansas.

Property Tax Levies and Collections

Years(a)	Net Adjusted Tax Roll(b)	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collected
2019/20(c)	$243,852,017	$241,576,730	99.07%	$ 0	$241,576,730	99.07%
2018/19	230,506,292	229,163,345	99.42	666,361	229,829,706	99.71
2017/18	218,416,170	217,792,966	99.71	202,028	217,994,994	99.81
2016/17	206,512,271	204,765,252	99.15	1,525,510	206,290,762	99.89
2015/16	193,656,251	192,702,540	99.51	852,272	193,554,812	99.95

(a) *Taxes levied in 2019 for the 2020 fiscal year were due December 20, 2019 but may be paid 50% by December 20, 2019 and 50% by May 10, 2020.*

(b) *Net Adjusted Tax Roll is the County Clerk's Abstract of Taxes plus new taxes less abated taxes.*

(c) *Collections as of August 31, 2020.*

Source: Johnson County.

Retail Sales and Tax Collections

Kansas law imposes retail sales tax based on where purchases are made. Retail sales tax is charged on the retail sale, rental or lease of tangible personal property; labor services to install, apply, repair, service, alter or maintain tangible personal property; and admissions to entertainment, amusement or recreation places in Kansas. Compensating use tax is paid on merchandise purchased from other states and used, stored or consumed in Kansas on which no sales tax was paid. Compensating use tax is also due if the other state's rate is less than the Kansas rate of 6.5% paid at the time of purchase. Compensating use tax only applies to tangible personal property; labor services are not subject to use tax. The compensating use tax rate is the same as the sales tax rate.

Sales tax rates within the County vary depending on where purchases are made. Sales tax rates range from 7.975% to 9.975%, with higher sales tax rates within special taxing districts, such as transportation development district and community improvement districts. The State of Kansas levies a 6.5% sales tax. Cities in Kansas are permitted to levy up to 3% local city sales tax.

The County is currently authorized to levy a 1.475% sales tax on retail sales within the County (the "Countywide Sales Tax"). Revenues from the Countywide Sales Tax are distributed to the County and each of the cities in the County according to a state mandated formula based on population, ad valorem tax and tax type. All countywide sales taxes are required to be approved by voters. The existing sales taxes comprising the 1.475% rate have been authorized as follows:

Purpose	Sales Tax	Effective Date	Sunset
Local	0.500%	October 1, 1975	No Sunset
Stormwater	0.100	July 1, 1990	No Sunset
Public Safety	0.250	July 1, 1995	No Sunset
Public Safety II	0.250	January 1, 2009	No Sunset
Public Safety III	0.250	April 1, 2017	10-Year Sunset
Research Triangle Tax	0.125	April 1, 2009	No Sunset
Total	1.475%		

Revenues from the Local 0.50% sales tax may be used for any permissible County purpose. Revenues from the Stormwater 0.10% sales tax may only be used for stormwater purposes. Revenues from the Public Safety sales taxes may only be used for Public Safety purposes. The County does not retain any portion of the Research Triangle Tax and distributes it to the Johnson County Education Research Triangle Authority.

The following chart represents the level of retail sales and total sales and use tax collections in the County, attributable to State, County and local city sales taxes over the last ten years.

Fiscal Year	Gross Retail Sales	Total Sales and Use Tax Collections - All Taxing Jurisdictions in the County	Sales and Use Tax Collections Annual Percent Increase (Decrease)	County Share of Countywide Sales and Use Tax Collections*
2019	$20,917,422,529	$741,411,569	1.23%	$102,651,798
2018	21,069,978,069	732,390,863	1.07	101,676,666
2017	20,164,576,414	724,610,436	1.55	93,904,750
2016	20,084,092,444	713,544,502	4.70	75,600,644
2015	20,344,258,077	681,485,916	6.40	71,633,771
2014	19,554,559,954	640,502,450	3.46	70,202,538
2013	18,291,596,707	619,060,573	2.50	67,223,139
2012	17,797,465,950	603,983,852	3.85	64,721,509
2011	17,676,256,038	581,574,152	13.23	63,692,635
2010	17,277,764,708	513,604,956	16.90	52,415,824

* *Excludes revenues from Research Triangle Tax.*

Source: *Kansas Department of Revenue State Planning and Research.*

NOTE: *The gross sales and sales tax collection amounts listed above are subject to change as the Kansas Department of Revenue tests the accuracy of these numbers with new software.*

As of August 31, 2020, the County's share of total sales tax collections from the County's 1.475% countywide retailers' sales tax are slightly above 2019 collection rates during the same time period. A comparison of the County's share of 2020 and 2019 monthly sales tax receipts since January 1, attributable to the countywide retailers' sales tax is shown below:

	January	February	March	April	May	June	July	August	Total
2020	$8,811,170	$9,804,905	$7,692,895	$7,865,631	$7,544,259	$7,731,413	$8,284,633	$9,775,486	$67,510,392
2019	$8,990,780	$9,315,043	$7,285,397	$7,279,656	$8,230,083	$8,147,370	$8,967,665	$8,733,342	$66,949,336

Special Assessment Billings and Collections

Levy Year(a)	Special Assessment Billings(b)	Special Assessment Collections	Percent of Billings Collected	Delinquent Assessments Collected	Total Assessments Collected	Percent of Total Collections to Billings
2019/20(c)	$631,234	$621,289	98.42%	$ 0	$621,289	98.42%
2018/19	647,186	639,965	98.88	5,714	645,679	99.77
2017/18	387,482	383,174	98.89	4,308	387,482	100.00
2016/17	394,823	390,677	98.95	2,890	393,567	99.68
2015/16	413,002	409,798	99.22	3,204	413,002	100.00

(a) *Taxes levied in 2019 for the 2020 fiscal year were due December 20, 2019 but may be paid 50% by December 20, 2019 and 50% by May 10, 2020.*

(b) *Billings and collections include Johnson County and all municipalities within Johnson County.*

(c) *Collections as of August 31, 2020.*

Source: *Johnson County.*

Sources of County Revenue

The following chart presents the breakdown of governmental fund revenue, as of December 31 each year.

Program Revenues	2015	2016	2017	2018	2019
Charges for Services	$ 97,735,702	$ 94,473,604	$76,352,255	$ 77,880,783	$ 81,248,092
Operating Grants and Contributions	41,223,381	41,987,803	44,107,182	46,857,340	45,105,093
Capital Grants and Contributions	2,972,374	563,533	2,003,024	421,666	2,621,561
General Revenues					
Property Taxes	$183,662,657	$217,668,398	$232,081,211	$245,651,928	$257,906,932
Sales Taxes	71,633,771	75,600,644	93,904,750	101,676,666	102,651,800
Other Taxes	4,648,964	5,095,421	5,208,009	5,309,275	5,497,132
Unrestricted Investment Earnings	2,102,754	3,320,270	4,273,258	9,471,385	12,284,224
Miscellaneous	7,038,072	6,284,302	7,882,037	7,387,805	6,235,235
Transfers	(7,868,012)	(4,497,929)	(5,480,121)	(6,841,572)	(5,543,037)
Total	$403,149,663	$440,496,046	$460,331,605	$487,815,276	$508,007,032

Source: Johnson County Comprehensive Annual Financial Reports for years ended December 31, 2015 through December 31, 2019.

FUNDS ON HAND
As of August 31, 2020

General Fund	$ 301,295,094
Special Revenue Funds	47,905,309
Debt Service Fund	4,591,841
Capital Projects Fund	142,423,696
Enterprise Funds	341,564,628
Internal Service Funds	50,460,583
Agency Funds	130,752,386
Total	$1,018,993,537

NOTE: Funds on hand include $23,374,182 which is being held by a trustee for certain refunded bonds.

COUNTY INVESTMENTS

The County's investment policy seeks to ensure the preservation of capital in the overall portfolio. Safety of principal is the foremost objective and all investments are made in accordance with K.S.A. 12-1675 to 12-1677b and amendments thereto. Treasury and Financial Management staff is charged with organizing and establishing procedures for effective cash management. An investment committee consisting of the Director of Treasury and Financial Management, the Deputy Treasurer, a County Commissioner, and two members of the private sector meet quarterly, or as necessary to determine specific strategies and to monitor investment results. As of August 31, 2020, approximately 99% of the County's total investment portfolio was invested in securities with maturities of one year or less and approximately 1% was invested in securities with maturities greater than one year, with the latest maturity being February 14, 2022. The total portfolio as of August 31, 2020 was approximately $947 million.

GENERAL INFORMATION CONCERNING THE COUNTY

Population

The County is one of 15 Kansas and Missouri counties that comprise the Kansas City Metropolitan Statistical Area (the "KCMSA"). With a 2019 U.S Census population of 602,401, it is the largest county in the State of Kansas. The County encompasses approximately 477 square miles (305,280 acres). Within the County, there are nine townships and 20 incorporated cities, of which eight have populations in excess of 10,000. The County's largest city, Overland Park, with a 2019 U.S. Census population of 195,494, is located only 12 miles from both downtown Kansas City, Missouri, and Kansas City, Kansas. Approximately one-half of the County's area is located outside the corporate limits of any city.

The County's per capita personal income ranks first among the counties in the KCMSA and first in the seven-state West North Central Region. Johnson County's 2019 per capita personal income is $76,328.

The County's population trend is shown below:

	Population	Percent Increase
2019	602,401	10.7%
2010	544,179	20.6
2000	451,086	27.0
1990	355,054	31.4
1980	270,269	--

Source: United States Census Bureau, http://www.census.gov/.

The County's estimated population by age group for the past five years is as follows:

Data Year/ Report Year	0-17	18-34	35-64	65 and Over
2019/20	146,093	129,335	239,862	91,404
2018/19	145,223	127,899	239,305	88,201
2017/18	145,427	126,786	237,407	83,890
2016/17	146,324	126,107	237,019	80,739
2015/16	145,597	126,175	232,365	76,022

Sources: Environics Analytics, Claritas, Inc. and The Nielsen Company.

Transportation Facilities

Residents of the County have access to all transportation and communication systems serving the Kansas City Metropolitan Area, including the Kansas City International Airport, located 30 miles from the City of Overland Park. The County owns and operates two airports: Johnson County Executive Airport and New Century AirCenter. Interstate highways I-35, I-435, and I-635 pass through the County and provide access to I-70 and I-29, just north of the County. Four major federal highways and four state highways serve the County. A number of certified motor freight carriers serve the County, and public transportation management for the County is provided by the Kansas City Area Transportation Authority. The Kansas City Metropolitan Area is generally regarded to be the second largest rail center in the United States. Four of seven Class I rail carriers serve the area, as well as two regional and local switching carriers. Amtrak passenger trains serve the Kansas City Metropolitan Area. Rail service is provided by Amtrak, Burlington Northern Santa Fe (BNSF), Kansas City Southern, Kansas City Terminal, Missouri & Northern Arkansas, Norfolk Southern, Iowa, Chicago & Eastern, and Union Pacific. The Logistics Park-KC is a 1,700-acre master-planned distribution and warehouse development in the southwestern portion of the County and served by the BNSF Intermodal Facility. The Intermodal Facility will provide businesses with a connection to a global supply chain and provide multi-modal transportation to receive imported goods and to export goods by rail or truck.

Major Employers in Johnson County

The principal employers within the County are set out below:

Employer	Product/Service	Approximate Number of Employees
Sprint*	Telecommunications	6,000
Olathe USD 233	Public education (K-12)	4,800
Garmin International Inc.	Communication equipment manufacturing	4,100
Johnson County	Local government	4,000
Shawnee Mission USD 512	Public education (K-12)	3,500
Black & Veatch	Engineering services	3,000
Blue Valley USD 229	Public education (K-12)	2,850
Olathe Health System	Healthcare services	2,600
Wal-Mart	Discount Department Store	2,600
Advent Health Shawnee Mission	Health Care Services	2,550
Hy-Vee Food Stores	Supermarkets & Other Grocery	2,400
Farmers Insurance	Insurance	2,300
Reece & Nichols	Real estate agents & brokers	2,200
Quest Diagnostics	Testing laboratories	1,830
Amazon	Packaging services	1,700
University of Kansas Health System	Healthcare services	1,700
YRC Worldwide Inc.	Freight Trucking	1,500
UPS International, Inc.	Delivery Services	1,500
Johnson Co. Community College	Public Education	1,400
Price Chopper	Supermarkets & Other Grocery	1,400

* *Sprint has merged with T-Mobile US Inc.*

Source: County Economic Research Institute (CERI).

Labor Force Data

	Annual Average				July
	2016	2017	2018	2019	2020
Labor Force:					
Johnson County	328,359	333,278	335,617	338,777	346,032
State of Kansas	1,483,633	1,476,110	1,477,847	1,486,620	1,490,796
Unemployment Rate:					
Johnson County	3.3%	3.0%	2.8%	2.8%	6.6%
State of Kansas	4.0	3.6	3.3	3.2	7.2

Source: Kansas Labor Information Center, http://www.klic.dol.ks.gov. 2020 data are preliminary.

Retail Sales and Effective Buying Income (EBI) for Johnson County

Data Year/ Report Year	Total EBI ($000)	Median Household EBI	Total Retail Sales ($000)	Retail Sales Per Household
2019/20	$24,475,082	$73,274	$15,323,477	$64,116
2018/19	22,401,783	70,744	15,064,483	63,709
2017/18	22,298,200	73,053	14,514,834	62,164
2016/17	20,300,497	65,920	13,987,601	60,285
2015/16	19,185,595	64,585	14,556,229	63,345

The 2019/20 Median Household EBI for the State of Kansas was $51,581. The 2019/20 Median Household EBI for the United States was $54,686.

Sources: Environics Analytics, Claritas, Inc. and The Nielsen Company.

Construction Valuations

Building Permits Issued by Municipalities within the County

Calendar Year	Residential # of Permits	Residential Value	Commercial # of Permits	Commercial Value
2020*	813	$372,167,800	116	$ 313,464,665
2019	1,273	523,960,847	210	717,055,582
2018	1,494	597,053,924	266	1,128,087,159
2017	1,678	596,576,461	284	690,164,050
2016	1,455	498,215,675	129	703,371,576
2015	1,355	466,171,921	171	889,054,903
2014	1306	429,512,394	146	442,510,260
2013	1,361	500,300,872	239	550,604,731
2012	1,087	334,211,452	107	303,389,442
2011	754	232,111,062	92	146,633,932
2010	749	215,286,624	54	215,083,479

* *Through August 31.*

Assessed Value of New Construction in the County*

Assessed Year	Residential # of Units	Residential Value	Commercial/Industrial # of Units	Commercial/Industrial Value
2020	1,606	$70,379,449	183	$130,694,071
2019	1,864	72,086,352	228	108,629,651
2018	2,169	84,099,357	189	92,025,444
2017	2,806	103,610,325	188	75,278,449
2016	1,754	74,273,124	139	64,956,766
2015	1,835	80,200,429	148	75,684,760
2014	1,722	78,892,015	154	83,116,545
2013	1,356	46,553,915	115	34,717,223
2012	971	32,171,408	105	35,996,347
2011	990	35,599,202	122	59,849,369
2010	1,635	47,381,751	186	67,475,931

* *Values are annually certified as of June 1.*

Source: Johnson County Appraiser.

Financial and Banking Institutions

Year	Commercial Banks Number of Institutions	Commercial Banks Deposits at June 30	Savings and Loan Associations Number of Offices	Savings and Loan Associations Deposits at June 30
2019	55	$18,238,370,000	26	$2,693,414,000
2018	55	$17,361,000,000	25	$2,631,000,000
2017	55	17,226,000,000	26	2,598,000,000
2016	58	15,682,000,000	25	2,432,000,000
2015	58	14,601,000,000	26	2,305,000,000
2014	55	13,678,000,000	26	2,355,000,000
2013	57	12,868,000,000	25	2,319,000,000
2012	60	12,182,000,000	25	2,271,000,000
2011	62	12,221,000,000	28	2,217,000,000
2010	59	12,443,000,000	31	2,148,000,000

Source: *Johnson County.*

Public Utilities

Two or more suppliers provide most utility services. Electrical power is primarily supplied by Evergy, Inc., the entity resulting from the merger of Westar Energy and Kansas City Power and Light Company. The City of Gardner provides its own electrical service.

Local phone service is provided by AT&T for most of the County. Century Link services the southwestern section of the County. Cell phone service is provided by a number of providers, including AT&T, T-Mobile, and Verizon.

Water District No. 1, a quasi-municipal corporation, services the eastern half of the County. The cities of Olathe, Gardner, and De Soto service their own communities. There are six other water districts that provide service to the remainder of the County.

Atmos Energy and Kansas Gas Service provide natural gas services throughout the County.

Various cities receive sewerage service in the County, which is supplied by the Johnson County Wastewater District, a County Department organized and governed by the Board of County Commissioners. The cities of Olathe, Gardner, De Soto, and Edgerton provide their own sewerage services.

Medical and Health Facilities

There are eleven general and specialty hospitals within the County with a combined total of over 1,500 licensed beds. Johnson County Med-Act units provide emergency medical services. The County Department of Health and Environment provides registered nurses and supports a variety of health services. The County also operates a mental health center and a developmental supports center.

Recreational and Cultural Facilities

The Johnson County Park and Recreation District (the "District") operates and maintains 16 developed park areas, including four streamway parks, and 87 miles of trails. The District comprises over 10,000 acres and generates more than 7.5 million visitations annually. The District is a discretely presented component unit of the County. The District is governed by a seven-member board appointed by the Board of County Commissioners (BOCC). The County approves the District's annual operating budget and levies taxes to fund the District. During the 2016 budget process, the BOCC approved a 0.75 mill levy increase for the

District to fund implementation of its Legacy Plan. This number was slightly reduced in 2018. The District's 15-year strategic plan called for an investment of approximately $220 million, including capital improvements to existing parks and facilities, the opening of five new parks, and adding 38 miles of trail to its streamway trail system. Since then, three new parks have been opened with two opening soon. In 2017, the District was awarded the prestigious Gold Medal of Excellence in Park and Recreation Management by the National Recreation and Park Association for communities serving a population greater than 400,000. The District was recently accredited for a fourth time through the Commission for Accreditation of Park and Recreation Agencies. Accreditation must be renewed every five years to ensure compliance with the 151 standards that have been established by the Commission.

Major recreation facilities owned and/or managed by the District include: The Theatre in the Park, an outdoor community theater in Shawnee Mission Park as well as a black box indoor theatre at the Johnson County Arts and Heritage Center; two beaches and two marinas; several sports complexes with fields for youth soccer, football, baseball, and softball; several multi-use facilities or field houses that are used for indoor soccer, basketball and volleyball; two 18-hole golf courses; an aquatics facility; two early childhood development centers and, in cooperation with four school districts, 66 Out of School Time program sites; two 50-plus senior centers in cooperation with two area municipalities; a nature center and outdoor amphitheater in Ernie Miller Park; the TimberRidge Adventure Center at Kill Creek Park; Meadowbrook Park Clubhouse and the 22-acre Mildale Farm meeting and event facilities; and the White Fox Manor Stables. The District offered over 4,200 fee-supported recreation and interpretive programs that generated over 2.7 million program participations in 2018.

The District oversees the Johnson County Museum, which is committed to sharing the history and heritage of Johnson County through its collections, exhibits and programs. The department operates the main museum and 1950s All-Electric House in the Johnson County Arts and Heritage Center, and the Lanesfield Historic Site in the City of Edgerton. Since 1987, its efforts have garnered 28 regional and national awards of excellence. In addition to the District, 12 city historical societies and nine other museums provide the citizens of Johnson County with a broad array of educational and cultural programs.

The outbreak of COVID-19, which has been declared by the World Health Organization to be a public health emergency of international concern, has spread across the globe and is impacting worldwide economic activity. The COVID-19 outbreak poses the risk that the District or its employees, contractors, residents, local business, and other partners may be prevented from conducting business activities for an indefinite period of time, including due to shutdowns that may be requested or mandated by governmental authorities.

In addition to the services offered by the District, two recreation commissions and several municipalities and school districts provide recreational services in the County. The additional recreational facilities used in providing these services include public parks, community centers, athletic fields, swimming pools, and tennis courts.

The mission of the Johnson County Public Library is to provide access to ideas, information, experiences and materials that support and enrich people's lives. In 2015, the Board of County Commissioners approved a 0.75 of one mill levy increase for the Comprehensive Library Master Plan, which is projected to invest an additional $175 million over the subsequent twenty years to allow facility expansion, replacement, and renovation of the current library facilities as well as provide additional funding for programming needs.

The Johnson County Library system is comprised of 14 branch libraries serving approximately 461,856 residents in a taxing district that is made up of 18 of Johnson County's 20 cities. The Johnson County Library system also partners with the Olathe Library System of Olathe, Kansas, also in Johnson County, to provide a seamless library experience to all Johnson County residents.

The Johnson County Library is the largest library system in the State with 1,320,218 holdings consisting of books, eBooks, audiobooks, magazines and periodicals, newspapers, special reference materials, DVDs and CDs, and federal and state government documents. In 2019 the Libraries supported more than 322,751 personal computer sessions on 366 public computer workstations. There were 869,970 connections to JCL's fast and free wireless network and 791,759 digital downloads of eMaterials. Johnson County Library facilities received almost 2.4 million physical site visitors, supported over 2.9 million website visits, and circulated almost 7.6 million books, DVDs, music CDs, and audiobooks. The Library also provides an expanding suite of programs and materials in Spanish for the growing Latino populations in the County.

The 2020 global pandemic as a result of COVID-19 had the Johnson County Library needing to close their physical locations for approximately 3 months (from mid-March 2020 to mid-June 2020). This pandemic has also caused the Library to have to modify the way it provides patron services, service hours, and programs in 2020; as the Library is trying to limit large public gatherings, do more on-line programs/services and practice social distancing along with enhanced cleaning protocols at all of the 14 branch locations. These changes in servicing will likely be in place for the foreseeable future or until COVID-19 is no longer seen as a public health threat or there is a vaccination readily available.

Education*

Six public school districts serve County residents, along with numerous private and parochial schools. In addition, post-secondary education is provided by eight colleges in the County.

K-12 school enrollments for the past five years have been as follows:

School Year	Total Enrollment
2019/20	106,740
2018/19	106,157
2017/18	105,684
2016/17	105,082
2015/16	104,721

Source: Kansas K-12 Reports, http://datacentral.ksde.org/report_gen.aspx.

GOVERNMENTAL ORGANIZATION AND SERVICES

The County's form of government is a seven-member Commission with a County Manager. The County has nine officials elected by citizens to four-year overlapping terms to carry out State-mandated services and to provide other local programs as necessary.

The Board of County Commissioners (the "BOCC") sets the County's annual strategic goals, operating budget, and capital improvement plan and selects a County Manager to oversee daily operations. The BOCC also appoints citizen volunteers to committees, agency governing bodies and advisory panels.

Following are the elected officials of the current BOCC and the County.

Elected Officials

Board of County Commissioners	Position	Expiration of Term
Ed Eilert	Chairman	2023
Becky Fast	First District	2023
James Allen	Second District	2021
Steven Klika	Third District	2021
Janeé Hanzlick	Fourth District	2023
Michael Ashcraft	Fifth District	2023
Mike Brown	Sixth District	2021

Elected Officials	Position	Expiration of Term
Calvin Hayden	Sheriff	2021
Stephen M. Howe	District Attorney	2021

The County has employed a professional County Manager since 1983 to administer the operations of the County. The County Manager appoints the directors of the operating divisions. The County's current appointed officials are shown below.

Appointed Officials

Name	Title
Penny Postoak Ferguson	County Manager
Maury Thompson	Deputy County Manager
J. Joseph Waters	Assistant County Manager
Joseph M. Connor	Assistant County Manager

Home Rule Charter

In November of 2000, a Home Rule Charter was approved by voters. After the election in November of 2002, an additional district commissioner and a commission chairperson elected on a countywide basis were added. In January 2005, the elected positions of County Clerk and Register of Deeds became appointive offices. The two offices were combined into one appointed office, which is now known as Records and Tax Administration. In addition, the position of County Treasurer became an appointed office in October 2005.

The Home Rule Charter became effective on January 11, 2001 and includes the following timeline and action items:

Redistricting for the six (6) commissioner districts was completed by April 1, 2002.

Reorganization of the Board of County Commissioners with six (6) district commissioners and the elected chairperson occurred on January 16, 2003.

The Home Rule Charter contains seven (7) separate articles. In addition to the items discussed above, the Charter:

Establishes four-year terms for all commissioners, including the chairperson, with no term limitations.

Makes each election non-partisan. Primary elections will be held if there are more than two (2) candidates for the position. The two candidates who receive the most votes in the primary election are placed on the ballot for the November election. If there are two or less candidates who file for a position, then no primary election will be held.

Requires the Board of County Commissioners to appoint a Charter Review Commission.

Requires the Board of County Commissioners to establish a Charter Commission every ten years.

As required by the Home Rule Charter, a Charter Commission was appointed effective January 13, 2011 to study and make recommendations about the structure and operations of the County Government. A new Charter Commission will be appointed by February 11, 2021. There are twenty-five members to the Charter Commission, eight of them appointed by the BOCC. The other seventeen members were appointed by organizations representing state legislators, political parties, chambers of commerce, council of mayors, and rural areas of the County.

The Charter Commission convened its first organizational meeting within thirty days and meet as frequently as its membership deems necessary. The Charter Commission submitted a final report of its findings and recommendations to the Board of County Commissioners on February 9, 2012. The consensus of the 2011 Charter Commission is that the County operates well under the existing Charter adopted in 2000 by voters.

Services of the County

Public Safety, Judicial, and Emergency Services: The County provides police protection for rural areas of the County and professional support services to local municipalities through the Sheriff's Department. The New Century AirCenter Adult Detention Center is intended for the housing of persons placed in custody of the Sheriff. The Olathe Adult Detention Center has been remodeled as a Central Booking Facility as well as providing space to house inmates. The Adult Residential Center is a structured living environment for high risk offenders provided as an alternative to incarceration in State and County detention facilities. The Juvenile Detention Center is provided as a medium security detention and correction facility for juvenile offenders. The Youth and Family Services Center allows for expanded services and capacity to serve juvenile offenders in an environment that is more therapeutic than a traditional detention center setting. Additionally, the Youth and Family Services Center houses the Juvenile Intake and Assessment Center unit that is responsible for conducting intakes on all youth who are designated as a child in need of care. The Emergency Management and Communication Department coordinates planning to ensure a normalized civilian government will maintain jurisdiction during a disaster emergency, and ensures efficient response of fire and emergency medical services provided to all residents throughout the County and part of Miami County to the south. The Med-Act Department provides ambulance services and pre-hospital emergency medical care within the County.

Infrastructure: The County provides construction and maintenance of all streets, bridges and culverts in the rural areas of the County. Assistance is provided to municipalities for upgrading and widening of primary arterial roadways within the County. A transportation system provides a fixed route busing system within the boundaries of the County and to certain locations in the metropolitan area. RideKC Micro Transit is an affordable ride-hailing transportation option, which is now available in parts of Johnson County. It additionally provides service for County residents who are economically or physically disadvantaged. The County operates and maintains two airports. The Executive Airport provides transportation service to private and small corporate aircraft, while New Century AirCenter accommodates business traffic at the industrial park. The Wastewater District operates sanitary sewer systems in various sections of the County. Wastewater is building a new Tomahawk Treatment Plant to extend its service area and reduce the volume of flow being sent to Kansas City, MO for Treatment. The new plant is expected to be completed in 2022 and the District will see significant cost savings once it comes online. The Planning Department provides zoning administration and code enforcement in the unincorporated areas of the County, plus planning and research on a county-wide basis in cooperation with local municipalities.

Health and Human Services: The Human Services Department coordinates and monitors human services available to County residents through county, public, and not-for-profit agencies. The Department of Health and Environmental is the County's official public health agency, and as such, is dedicated to protect and promote the health, welfare and environment of the community and to prevent, contain and control communicable diseases. The Developmental Supports Agency provides services and support to County residents with developmental disabilities and their families. The County provides referrals, clinical and residential counseling, and treatment to residents with mental illness at the Mental Health Center.

Culture and Recreation: The Library System has fourteen libraries facilities throughout the County. The Parks and Recreation District provides locations and programs for leisure activity of County residents. The Museum collects, preserves, and exhibits items relevant to the history of the County.

Economic Development: Three non-profit economic development institutions established by the County promote economic development within in the County: the County Economic Research Institute (CERI), the Certified Development Company (CDC) and the Enterprise Center of Johnson County. CERI participates in partnerships with chambers of commerce, local and regional economic development organizations and units of government in order to create and sustain jobs, expand the tax base, and promote Johnson County through the provision of basic and applied research. The CDC supports and facilitates local economic development by providing credit-worthy small businesses with a source of long-term, low-interest financing and fixed assets. The Enterprise Center provides high-quality and value added consulting service, administrative support and facilities to start-up, growth-oriented companies that are capable of stimulating overall business activity and employment growth in the County.

Support of State Operations: The County is statutorily required to provide sufficient space, equipment, and materials to support the District Courts. This includes providing indigent defense, probation, and paying agent services. The District Attorney's office is statutorily responsible for prosecuting violators of state law.

Existing County Facilities

The County owns and operates numerous facilities. The County Courthouse is located in the downtown area of the City of Olathe and houses the District Courts and District Attorney. At a general election held on November 8, 2016, the voters of Johnson County approved a new one-fourth (1/4) of a cent countywide sales tax to acquire, design, construct, equip and furnish (1) a new Johnson County Courthouse facility on the site located at the northeast corner of the intersection of Kansas Avenue and Santa Fe in Olathe; and (2) a new Johnson County Medical Examiner facility on the site located at the southwest corner of 118th Street and Sunset Drive in Olathe; and demolish the existing courthouse complex. The County used sales tax revenue and proceeds from the PBC's Lease Purchase Revenue Bonds (Courthouse and Medical Examiner Projects), Series 2018A, to fund the projects. The County leases these facilities from the PBC. The County Administration Building is leased from the PBC and houses all administration departments. The Northeast Office facility is located in the City of Mission, approximately 20 miles northeast of the County Courthouse, and houses the Mental Health, Health and Environment, and Motor Vehicles Departments. The Northeast Office building recently underwent renovations to allow the County to better serve the public. The Election Commission building and the Operations Center are located in the City of Olathe. The Sunset Drive Office Building, which houses seven County departments, is leased from the PBC.

The Olathe Adult Detention Center is located in the downtown area and the Juvenile Detention Center is located in the northwest portion of the City of Olathe. The New Century AirCenter Adult Detention, the Adult Residential Center, and the Sheriff's Operations Center are located at the New Century AirCenter. The Sheriff's Dispatch and Emergency Communications staff operations are located in the Communications Center. PBC bonds were used to expand the New Century AirCenter Adult Detention Center. The Olathe Detention Center was remodeled and reopened as a Central Booking Facility/Detention Center. Both facilities are currently being utilized to provide housing for inmates. The Sheriff's Criminalistics Laboratory was funded by PBC bonds. Revenues from the Public Safety Sales Tax 2 will be the primary funding source for the debt service for the bonds issued to finance improvements to the Adult Detention Center, Central Booking Facility, Criminalistics Laboratory, and the Youth and Family Services Center. The County purchased a building in 2011 to provide additional space for Courthouse occupants. The building renovations for this building, now known as the Justice Annex, were completed as of July 2013.

Proceeds of the PBC's Lease Purchase Revenue Bonds (8788 Metcalf Project), Series 2015A, dated June 30, 2015 (the "Series 2015A Bonds") were used to acquire, renovate, construct, equip and furnish a building now known as the Johnson County Arts and Heritage Center. This building was completed and opened in June 2017. It provides space for the Park and Recreation District, the Museum of History , and community gatherings and advance voting. The building also provides improved space for museum exhibit displays and storage and increases efficiencies in collection processing. The Park and Recreation District offers recreational classes in arts, crafts, music, and theater. The building includes a theater allowing the Theater in the Park to expand its offerings from the summer to year around activities.

The Public Works Offices, Shop and Garage complex is located in the southwest portion of the City of Olathe. The Transportation Maintenance facility is also located in the southwest portion of the City of Olathe. The Developmental Supports Agency is located in the City of Lenexa, and the Developmental Supports building, also known as the Elmore Center, has been recently remodeled with proceeds of PBC bonds for expanded, renovated space for its operations.

The Wastewater District operates numerous pumping stations, lift stations and treatment plants throughout the County. The Wastewater District spends approximately $85 million annually in capital improvements to maintain and expand treatment and collection infrastructure. With the addition of the Tomahawk Treatment Plant, the District is estimated to spend an additional $120 million until the project is completed in 2022.

The Airport Commission operates two facilities. The New Century AirCenter, located at the edge of the City of Gardner, was previously a U.S. Navy Air Base. The County now operates it as an industrial park. Additionally, there are some facilities leased to New Century AirCenter tenants. The Executive Airport, acquired in 1967 and located in the City of Overland Park, has numerous rental hangars and an office building.

The Human Services Building is occupied by the Health and Environment Department and the Friends of the Johnson County Nursing Center, Inc.

Public Employee Retirement System

The County and the Johnson County Park & Recreation District participate in the Kansas Public Employees Retirement System (KPERS) and the Kansas Police and Firemen's Retirement System (KP&F). Both are part of a cost-sharing, multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, *et seq*. The Kansas Public Employees Retirement System is a fiduciary providing retirement benefits, disability income benefits, survivor benefits to plan members and their beneficiaries. It is governed by a 9-member Board of Trustees for over 295,000 members across 1,500 employers with assets over $16 billion. Kansas law establishes and amends benefit provisions. KPERS and KP&F issue a publicly available joint financial report that includes financial statements and required supplementary information. Those reports may be obtained by writing to KPERS (611 S. Kansas Avenue, Suite 100; Topeka, KS 66603-3803) or by calling 1-888-275-5737.

K.S.A. 74-4919 and K.S.A. 74-49,210 established the KPERS member-employee contribution rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2, or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009, and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law established the KPERS member employee contribution rate at 6% of covered salary for all members.

K.S.A. 74-4975 establishes the KP&F member-employee contribution rate at 7.15% of covered salary. Beginning July 1, 2013, the percentage was raised to 7.15% for all members. The employer collects and remits member-employee contributions according to the provisions of section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rates be determined annually based on the results of an annual actuarial valuation. KPERS and KP&F are funded on an actuarial reserve basis. State law sets a limitation on annual increases in the KPERS employer contribution rates. The KPERS employer rate established for the fiscal year ended December 31, 2019 was 8.89%.

On July 1, 2006, legislation went into effect requiring governmental agencies to pay a KPERS employer contribution rate on certain KPERS retirees who work after retirement (House Substitute for SB 270). Recent legislation has changed working-after-retirement rules for both employers and members if a retiree returns to KPERS employer. Beginning July 1, 2016, all KPERS retirees will have a $25,000 earnings limit for each calendar year. Employer will make contribution on all retiree compensation. The contribution rate varies depending on certain circumstances.

The KP&F employer rates established for fiscal year 2019 is 22.13% for participating emergency medical staff and sheriff. Employers participating in KP&F also make contributions to amortize the liability for past service costs, if any, which is determined separately for each participating employer.

Contributions to KPERS and KP&F for the past five years are as follows:

	County		Park and Recreation	
	KPERS	KP&F	KPERS	KP&F
2019	$13,429,318	$11,056,260	$1,222,368	$309,599
2018	13,695,565	9,770,770	1,121,798	283,908
2017	11,778,040	8,998,059	903,214	240,690
2016	12,239,982	9,370,884	892,588	243,844
2015	13,272,353	9,587,043	870,114	235,789

These contribution amounts are equal to the contractually required contributions for each year as set by State Statute.

For more information regarding the County's pension plan, please reference "Note 12, Pension Plans – A. KPERS/KP&F" of the County's Comprehensive Annual Financial Report for fiscal year ended December 31, 2019, an excerpt of which is included as Appendix V of this Official Statement.

GASB 68

In June 2012, the Government Accounting Standards Board (GASB) issued Statement No. 68, Accounting and Financial Reporting for Pensions (GASB 68) and related GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date -- an amendment to GASB 68, effective for the County's fiscal year ended December 31, 2015. These statements revise existing standards for measuring and reporting pension liabilities for pension plans provided to County employees and requires recognition of a liability equal to the County's proportionate share of net pension liability, which is measured as the total pension liability less the amount of the pension plan's fiduciary net position. The pronouncements required the restatement of the County's December 31, 2014 net position of its governmental activities.

The County's proportionate shares of the pension costs and the County's net pension liability for KPERS and KP&F for the past five years are as follows:

	KPERS		KP&F	
	Proportionate Share of Pension Costs	Net Pension Liability	Proportionate Share of Pension Costs	Net Pension Liability
2019	8.058%	$112,594,008	9.134%	$92,449,168
2018	7.962	110,972,192	9.587	92,248,210
2017	7.674	111,156,575	9.205	86,325,809
2016	7.630	118,032,475	9.596	89,123,395
2015	7.540	98,997,115	9.326	67,720,621

For more information regarding GASB 68 with respect to the County, please reference "Note 1, Summary of Significant Accounting Policies -- R. Pensions" of the County's Comprehensive Annual Financial Report for fiscal year ended December 31, 2019, an excerpt of which is included as Appendix VI of this Official Statement.

Sources: County's Comprehensive Annual Financial Reports.

Other Post-Employment Benefits

The Government Accounting Standards Board (GASB) has issued Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (GASB 75), establishing new accounting and financial reporting requirements related to post-employment healthcare and other non-pension benefits (referred to as Other Postemployment Benefits or "OPEB").

The County sponsors a single-employer defined benefit healthcare plan that provides healthcare benefits to retirees including medical, dental, and vision coverage. Retiree health coverage is provided for under Kansas Statute 12-5040. Retirees who retire with at least ten years of cumulative service with the County and commence retirement or disability benefits under the KPERS or KP&F are eligible for benefits. This coverage may also extend to the retiree's family. Retirees are eligible to remain on the County's group health plan, but the County does not assist with premium payments. The only cost to the County comes from the implicit rate subsidy. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

Sources: County's Comprehensive Annual Financial Reports.

Supplemental Retirement Plans

In 2001, the Board of County Commissioners established three separate single-employer defined contribution plans effective beginning with fiscal year 2002: 1) the Johnson County Supplemental Retirement Plan, 2) the Johnson County Executive Retirement Plan; and 3) the Johnson County Elected Retirement Plan. Plan benefit provisions and contribution requirements for each plan were established by Johnson County Resolution No. 094-01 and may be amended by the Board of County Commissioners of Johnson County, Kansas (the "Employer"). The administrator for these plans will be Johnson County, Kansas. The plans are in accordance with Internal Revenue Code 401(a). A separate audited GAAP–basis pension plan report is not available for the defined contribution pension plans.

The Johnson County Supplemental Retirement Plan was established to provide benefits at retirement to all eligible employees of Johnson County other than elected officials. Substantially all regular employees over the age of eighteen who are scheduled for eighty hours or greater per pay period and any part-time employees who are in positions of ½ full-time equivalent or greater are eligible to participate in this plan. This plan covers all eligible members for the County as of January 1, 2002 provided the eligible employee has opted to participate in the Johnson County Deferred Compensation Plan (as established under Internal Revenue Code Section 457). The minimum participation requirement to the deferred compensation plan is $10 per pay period in order to qualify for the Employer's matching contribution. The Employer's matching contribution shall be in the amount equal to 100% of the employee's contribution to the deferred compensation plan subject to a maximum of 3% per bi-weekly base salary per pay period. All contributions to this plan are by the Employer, and the amount to be contributed is discretionary and established by the Employer. No contributions by the employees are permitted to this plan. Employees vest in the plan as follows: 20% with one year of service, 40% with two years of service, 60% with three years of service, 80% with four years of service, and 100% with five years of service. Years of service prior to January 1, 2002 will be counted for vesting purposes for this plan.

The Johnson County Executive Retirement Plan was established to provide benefits at retirement for the County Manager. This plan covers one member, who is 100% vested at the time of enrollment. All contributions to this plan are by the Employer, and the amount to be contributed is discretionary and is determined by the Employer. No employee contributions are permitted.

The Johnson County Elected Retirement Plan was established to provide benefits at retirement for the Elected Officials of the County. This plan covers all elected officials for the County as of January 1, 2002 provided the elected official has opted to participate in the Johnson County Deferred Compensation Plan (as established under Internal Revenue Code Section 457). The minimum participation requirement to the deferred compensation plan is $10 per pay period in order to qualify for the Employer's matching contribution to the retirement plan. The Employer's matching contribution to the retirement plan shall be in an amount equal to 100% of the Elected Official's contribution to the deferred compensation plan subject to a maximum of 3% per bi-weekly base salary per pay period. All contributions to this plan are by the Employer, and the amount to be contributed is discretionary and established by the Employer. No contributions by the elected officials are permitted to this plan. Elected officials will vest as follows: 25% with one year of service, 50% with two years of service, 75% with three years of service, and 100% vested with four years of service. Years of service prior to January 1, 2002 will be counted for vesting purposes for this plan.

The County's contributions to the supplemental retirement plans have been as follows:

Fiscal Year Ending December 31	Employee	Executive	Elected
2019	$3,904,200	$10,000	$17,717
2018	3,780,444	5,038	16,439
2017	3,523,411	8,000	14,995
2016	3,305,351	8,000	15,744
2015	3,141,491	8,000	14,995

Sources: County's Comprehensive Annual Financial Reports.

Employee Benefit Liabilities

The County permits full-time and certain part-time employees to accumulate vacation based upon tenure, with most employees limited to a maximum of 24 calendar days. Upon termination or resignation from County services, employees are entitled to payment for all accrued vacation earned prior to termination or resignation.

All full-time and certain part-time employees accrue sick leave at the rate of one calendar day per month for full-time, and one-half day per month for part-time employees, with no maximum accumulation. Upon separation from service, employees are compensated for 20% of unused sick leave.

Vacation and sick pay is recorded at 100% of accrued vacation and 20% of accrued sick leave as a liability, plus associated costs. Accrued vacation and sick pay is calculated using the current salary rate of employees and reflects the vested portion. In the governmental funds, the amount of vacation and sick leave benefits included in expenditures for the current year represents the amount paid out during the year with expendable available resources.

In proprietary funds, vacation and sick pay benefits are accrued when incurred, and reported as a fund liability/expense.

Insurance Coverage

The County's public and institutional property insurance covers all County-owned facilities under an "all risk" form. The insured value of all facilities in the County is periodically reviewed and brought current. Worker's Compensation and Employer's Liability coverage is self-funded with excess coverage maintained, subject to a $500,000 per occurrence retention. The County purchases excess Commercial General and Automobile Liability, subject to a $500,000 per occurrence self-insured retention. Professional liability coverages are in force where deemed necessary. Law Enforcement Liability coverage is purchased to cover the Sheriff's Operations. This insurance has a $100,000 deductible each claim. The Data Privacy and Security policy has a $100,000 deductible. Settled claims have not exceeded the commercial coverage in any of the last two fiscal years. A Risk Management Reserve Fund is maintained to reimburse the County for losses sustained within deductibles, self-insured retentions, or for which insurance coverage is not provided.

Capital Improvement Plan

The County prepares a five-year Capital Improvement Program (CIP) on an annual basis. The County defines a capital improvement as investment of public and/or private funds of at least $100,000, which relates directly to the County's strategic plan and has a useful life of at least five years. Examples of a capital improvement plan project include, but are not limited to:

- land acquisition;
- new construction or acquisition of, remodeling of, or additions to public buildings or structures;
- construction of new and replacement of existing infrastructure projects (roads, storm drains, bridges, wastewater projects);
- equipment, individual vehicles and major computer/software systems;
- soft costs related to the above items, including legal costs, engineering costs, and architectural design costs; and
- studies that cost less than $100,000 but are preparatory to a capital improvement or project of at least $100,000.

The proposed program is evaluated by an administrative review committee, which considers the program's impact on a number of financial factors. The County Manager presents the proposed CIP to the Board of County Commissioners for review and adoption along with the annual operating budget. The first year of each five year CIP is appropriated as part of the annual budget process.

Budgetary Information

The County is required by State statute to adopt annual budgets for most funds. All Governmental funds, with the exception of the Library Gift, Equipment Reserve, Capital Projects, and the three Technology funds, are budgeted funds. All Enterprise funds (except the Public Building Commission) and Internal Service funds (except the Self-Insured Health Care and Workers Compensation) are also budgeted funds.

An annual budget of estimated receipts and disbursements for the coming calendar year is required by statute to be prepared for all funds (unless specifically exempted). The budget is prepared utilizing the modified accrual basis which is further modified by the encumbrance method of accounting. For example, commitments such as purchase orders and contracts, in addition to disbursements and accounts payable, are recorded as expenditures. The budget lists estimated receipts by funds and sources and estimated disbursements by funds and purposes. The proposed budget is presented to the governing body of the County prior to August 1, with a public hearing required to be held prior to August 15, with the final budget to be adopted by a majority vote of the governing body of the County prior to August 25 of each year (or

October 1 if the County must conduct an election to increase property taxes above the tax lid described below). Budgets may be amended upon action of the governing body after notice and public hearing, provided that no additional tax revenues may be raised after the original budget is adopted.

The County may levy taxes in accordance with the requirements of its adopted budget. Property tax levies are based on the adopted budget of the County and the assessed valuations provided by the County appraiser.

Beginning in 2015, the Kansas Legislature passed legislation that, among other things, imposes an additional limit on the aggregate amount of property taxes that may be imposed by cities and counties, without a majority vote of qualified electors of the city or county (the "Tax Lid," located at K.S.A. 79-2925c). The Tax Lid became effective on January 1, 2017, and provides that, subject to certain exceptions, no city or county may approve an appropriation or budget which provides for funding by property tax revenues in an amount exceeding that of the immediately prior year, as adjusted to reflect the average changes in the consumer price index for the preceding five calendar years and provided that such average shall not be less than zero, unless approved by a majority vote of electors. Among other exceptions, the Tax Lid does not require an election in a situation where the increased property tax revenues that will be spent on:

- bond, temporary notes, no fund warrants, state infrastructure loans and interest payments not exceeding the amount of ad valorem property taxes levied in support of such payments, and
- payments made to a public building commission and lease payments but only to the extent such payments were obligations that existed prior to July 1, 2016.

Therefore, the County is permitted under the Tax Lid to levy unlimited ad valorem taxes as necessary to pay principal of and interest on the County Bonds, as required by the County Bond Resolutions.

The County's lease payments under the 2010 Lease allocable to the PBC Series 2020D Bonds are exempt from the Tax Lid because such lease payments allocable to the PBC Series 2020D Bonds are obligations of the County that existed prior to July 1, 2016. However, portions of the County's lease payments under the 2016 Lease allocable to the PBC Series 2020C Bonds are not exempt from the Tax Lid because such portions of the lease payments are new obligations of the County entered into on or after July 1, 2016.

The County cannot predict the impact of the Tax Lid on the ratings on the County Bonds, the PBC Bonds, or the general rating of the County. A change in the rating on the County Bonds, the PBC Bonds, or a change in the general rating of the County may adversely impact the market price of the County Bonds or the PBC Bonds in the secondary market.

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Johnson County Budget – All Funds

Total Budget by Category	**Budget 2019**	**Actual 2019**	**Budget 2020**	**Estimated 2020**	**Budget 2021**
Beginning Balance, January 1	$ 333,652,814	$ 333,138,430	$ 331,956,907	$ 350,059,165	$ 341,100,585
Revenues:					
Ad Valorem Taxes	$ 261,619,389	$ 260,935,194	$ 276,386,640	$ 276,386,640	$ 288,197,747
Other Taxes	139,993,694	141,883,234	143,149,127	133,305,211	137,990,725
Intergovernmental	60,304,448	55,593,623	64,844,221	186,494,281	63,542,203
Licenses & Permits	3,360,471	3,928,103	3,555,063	3,560,935	3,675,318
Charges for Service	223,531,167	217,951,849	236,319,513	236,089,844	246,212,797
Use of Assets	15,300,998	23,950,734	19,557,545	11,876,567	6,523,889
Bond Proceeds/Miscellaneous	37,992,031	4,791,041	115,279,912	115,066,570	85,338,141
Transfers	66,870,770	72,390,673	68,790,123	72,891,316	72,966,901
Total Revenues	$ 808,972,968	$ 781,424,451	$ 927,882,144	$ 1,035,671,364	$ 904,447,721
Total Revenues & Beginning Balance	$ 1,142,625,782	$ 1,114,562,881	$ 1,259,839,051	$ 1,385,730,529	$ 1,245,548,306
Expenditures:					
Personal Service	$ 321,470,321	$ 314,921,354	$ 338,614,504	$ 331,956,225	$ 343,205,256
Contractual Services	117,299,855	105,537,415	124,776,443	126,870,714	132,335,910
Commodities	32,432,839	28,033,925	35,184,694	33,427,375	33,137,226
Capital Outlay	13,133,054	11,397,106	13,941,184	12,281,575	13,295,979
Miscellaneous	13,468,639	7,944,654	14,784,045	11,295,667	17,126,401
Debt Service Payments	45,866,363	45,554,483	47,204,001	47,180,076	47,400,206
Lease Payments to the PBC	29,078,532	29,171,115	21,924,528	33,892,754	40,107,665
Interfund Transfers	12,394,778	13,148,182	10,909,822	14,256,743	17,859,128
Intrafund Transfers	46,323,581	47,105,750	47,022,061	45,469,364	45,845,698
Transfers to Equipment Reserve Fund	1,714,775	2,160,156	2,091,005	2,091,005	2,984,167
Transfers to Capital Projects	103,061,481	87,376,078	192,577,430	175,256,222	144,860,443
Cost Allocation Expenditures	17,561,006	17,039,962	21,380,785	21,343,982	23,001,013
Fee-based Expenditures	14,367,442	11,556,107	14,349,444	14,357,817	15,003,852
Grant Expenditures	47,770,729	43,557,429	52,396,761	174,950,425	53,911,420
Total Expenditures	$ 815,943,395	$ 764,503,716	$ 937,156,707	$ 1,044,629,944	$ 930,074,364
Ending Balance, December 31	$ 326,682,387	$ 350,059,165	$ 322,682,344	$ 341,100,585	$ 315,473,942
Annual Change in Balance	$ (6,970,427)	$ 16,920,735	$ (9,274,563)	$ (8,958,580)	$ (25,626,643)

Johnson County Budget – General Fund

	Budget 2019	Actual 2019	Budget 2020	Estimated 2020	Budget 2021
Beginning Balance, January 1	$ 98,701,425	$ 98,393,344	$ 99,129,804	$ 115,928,349	$ 110,808,690
Revenues:					
Ad Valorem Taxes	$ 141,590,078	$ 141,271,426	$ 147,823,613	$ 147,823,613	$ 153,849,218
Other Taxes	106,269,409	107,010,134	108,213,387	100,953,914	103,758,301
Intergovernmental	26,990,137	23,998,371	30,337,289	152,890,952	29,443,597
Licenses & Permits	1,730,791	2,028,307	1,854,839	1,860,711	1,951,075
Charges for Service	42,044,921	40,979,741	41,251,663	42,346,555	45,010,965
Use of Assets	6,015,422	8,647,303	9,225,331	3,339,710	1,274,984
Miscellaneous	6,102,403	2,721,224	3,154,728	3,156,385	3,148,374
Transfers	55,135,887	54,550,693	57,088,147	58,524,363	59,030,588
Total Revenues	$ 385,879,048	$ 381,207,199	$ 398,948,997	$ 510,896,203	$ 397,467,102
Total Revenues & Beginning Balance	$ 484,580,473	$ 479,600,543	$ 498,078,801	$ 626,824,552	$ 508,275,792
Expenditures:					
Personal Service	$ 193,434,382	$ 192,372,689	$ 203,136,276	$ 198,517,835	$ 204,418,099
Contractual Services	38,726,772	35,769,039	42,453,929	43,821,169	45,546,422
Commodities	7,860,081	6,248,059	8,259,112	8,108,390	8,199,512
Capital Outlay	1,045,881	649,031	810,881	-	584,668
Miscellaneous	319,834	17,701	319,834	(3,430,038)	273,684
Requests for Additional Resources		-		-	-
Lease Payments to the PBC - Other Facilities	24,349,568	24,437,593	29,318,744	29,318,744	35,128,605
Interfund Transfers	7,734,318	7,823,006	7,496,885	7,035,710	8,644,920
Intrafund Transfers	44,001,807	44,085,553	44,637,166	43,084,469	42,772,098
Transfers to Equipment Reserve Fund	1,687,501	2,063,676	1,963,731	1,963,731	2,876,893
Transfers to Capital Projects	24,858,001	13,900,087	17,364,937	16,877,048	10,392,437
Cost Allocation Expenditures	2,363,498	1,963,763	3,043,526	3,043,682	3,402,941
Fee-based Expenditures	14,367,442	11,556,107	14,349,444	14,357,817	15,003,852
Grant Expenditures	27,416,490	22,785,890	30,763,642	153,317,305	29,889,950
Total Expenditures	$ 388,165,575	$ 363,672,194	$ 403,918,107	$ 516,015,862	$ 407,134,081
Ending Balance, December 31	$ 96,414,898	$ 115,928,349	$ 94,160,694	$ 110,808,690	$ 101,141,711
Annual Change in Balance	$ (2,286,527)	$ 17,535,005	$ (4,969,110)	$ (5,119,659)	$ (9,666,979)

PROPOSED FORM OF BOND COUNSEL OPINION

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[November 10, 2020]

Public Building Commission
of Johnson County, Kansas
Olathe, Kansas

Johnson County, Kansas
Olathe, Kansas

Security Bank of Kansas City
Kansas City, Kansas

____
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Re: $[PRINCIPAL AMOUNT] Public Building Commission of Johnson County, Kansas Lease Purchase Revenue Bonds (Central Resource Library Project), Series 2020C

We have acted as Bond Counsel to the Public Building Commission of Johnson County, Kansas (the "PBC") in connection with its issuance of the above-captioned bonds (the "Series 2020C Bonds"). In this capacity, we have examined the law and the certified proceedings, certifications and other documents that we deem necessary to render this opinion.

The Series 2020C Bonds have been authorized pursuant to a Resolution adopted by the governing body of the PBC (the "Bond Resolution") and a Trust Indenture dated as of November 1, 2014, as amended and supplemented from time to time (the "Indenture") between the PBC and Security Bank of Kansas City, as Trustee. Capitalized terms used and not otherwise defined in this opinion shall have the meanings assigned to those terms in the Indenture.

Reference is made to an opinion of even date herewith of counsel to the County with respect to, among other matters: (a) the power of the County to enter into the Lease and the Sublease; (b) the authorization, execution and delivery of the Lease and the Sublease by the County, and (c) the binding effect and enforceability thereof against the County. Reference is also made to an opinion of even date herewith of counsel to the Board of Directors of the Johnson County Library (the "Library Board") with respect to, among other matters: (a) the power of the Library Board to enter into the Base Lease and the Sublease; (b) the authorization, execution and delivery of the Base Lease and the Sublease by the Library Board, and (c) the binding effect and enforceability thereof against the Library Board.

Regarding questions of fact material to our opinion, we have relied on the certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify them by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The PBC is a municipal corporation duly organized under the laws of the state of Kansas with power to issue the Series 2020C Bonds, to adopt the Bond Resolution, to enter into the Indenture, the Base Lease and the Lease, and to perform its obligations contained therein.

2. The Series 2020C Bonds have been duly authorized, executed and delivered by the PBC and are valid and legally binding special obligations of the PBC.

3. The Series 2020C Bonds are payable solely from the Trust Estate on a parity with any Additional Bonds, as provided in the Indenture. The Series 2020C Bonds do not constitute general obligations of the PBC nor do they constitute an indebtedness of the PBC within the meaning of any constitutional or statutory provision, limitation or restriction, nor shall they in any way obligate the PBC, the State of Kansas or any political subdivision thereof (other than the County) to levy any form of taxation or make any appropriation for their payment. The PBC has no taxing power. The County may enter into the Lease without regard to K.S.A. 10-1101 *et seq*. and K.S.A. 79-2925; however, the County's obligation to levy ad valorem taxes to make payments of Basic Rent is subject to the tax lid applicable to cities and counties in the State of Kansas, which is primarily codified in K.S.A. 79-2925c.

4. The Bond Resolution has been duly adopted by the PBC, and the Indenture, the Base Lease and the Lease constitute valid and legally binding obligations of the PBC enforceable against the PBC in accordance with their respective terms.

5. The interest on the Series 2020C Bonds [(including any original issue discount properly allocable to an owner thereof)] is: (a) excludable from gross income for federal income tax purposes; and (b) not an item of tax preference for purposes of the federal alternative minimum tax. The opinions set forth in this paragraph are subject to the condition that the PBC, the County and the Library Board comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the issuance of the Series 2020C Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The PBC, the County and the Library Board have each covenanted to comply with all of these requirements. Failure to comply with certain of these requirements may cause interest on the Series 2020C Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2020C Bonds. The Series 2020C Bonds are not "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code.

6. The interest on the Series 2020C Bonds is exempt from income taxation by the State of Kansas.

We express no opinion regarding the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Series 2020C Bonds (except to the extent, if any, stated in the Official Statement). Further, we express no opinion regarding the tax consequences arising with respect to the Series 2020C Bonds other than as expressly set forth in this opinion.

The rights of the owners of the Series 2020C Bonds and the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and by equitable principles, whether considered at law or in equity.

This opinion is given as of its date, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may come to our attention or any changes in law that may occur after the date of this opinion.

Gilmore & Bell, P.C.

SUMMARY OF FINANCING DOCUMENTS

The following are summaries of certain provisions of the Indenture, the Base Lease, the Lease, and the Sublease, as well as certain defined terms used therein and in this Official Statement. The summaries do not purport to be complete, and reference is made to the full text of the Indenture, the Base Lease, the Lease, and the Sublease, respectively, for a complete recital of their terms, as well as a complete recital of the defined terms used therein.

DEFINITIONS

In addition to the words and terms defined elsewhere in this Official Statement, the following capitalized words and terms as used herein shall have the following meanings, unless some other meaning is plainly intended:

"Act" means K.S.A. 12-1757 *et seq.*, as amended.

"Additional Bonds" means any Bonds issued in addition to the Series 2014B Bonds, the Series 2016A Bonds, and the Series 2020C Bonds authorized by the Indenture.

"Additional Rent" means all fees, charges and expenses of the Trustee, all Impositions, all amounts required to be rebated to the United States pursuant to the Indenture, all other payments of whatever nature (other than Basic Rent) payable or to become payable pursuant to the Indenture or which the County has agreed to pay or assume under the provisions of the Lease and any and all expenses (including reasonable attorney's fees) incurred by PBC in connection with the issuance of the Bonds or the administration or enforcement of any rights under the Lease or the Indenture.

"Additional Term" means, with respect to the Lease, the additional term of the Lease commencing on the last day of the Basic Term and terminating upon the payment or provision for payment of the principal of, redemption premium, if any, and interest on all Outstanding Bonds.

"Authorized County Representative" means the Budget Director for the County, or such other person as is designated to act on behalf of the County as evidenced by a written certificate furnished to the PBC and the Trustee containing the specimen signature of such person and signed by the Budget Director for the County. Such certificate may designate an alternate or alternates, each of whom shall be entitled to perform all duties of the Authorized County Representative.

"Authorized PBC Representative" means the Finance Officer or the Project Manager of the PBC, or such other person as is designated to act on behalf of the PBC as evidenced by a written certificate furnished to the Trustee containing the specimen signature of such person and signed by the Finance Officer or Project Manager of the PBC. Such certificate may designate an alternate or alternates, each of whom shall be entitled to perform all duties of the Authorized PBC Representative.

"Bankruptcy Code" means Title 11 of the United States Code, as amended.

"Base Lease" means the First Amended and Restated Base Lease, as from time to time amended and supplemented in accordance with the provisions thereof.

"Basic Rent" means the semi-annual amount of rent due and payable under the Lease which, when added to Basic Rent Credits, will be sufficient to pay, on any Bond Payment Date, all principal of, redemption premium, if any, and interest on the Bonds which is due and payable on such Bond Payment Date.

"Basic Rent Credits" means all funds on deposit in the Principal and Interest Fund and available for the payment of principal of, redemption premium, if any, and interest on the Bonds on any Bond Payment Date.

"Basic Rent Payment Date" means the Business Day prior to each Bond Payment Date until the principal of, redemption premium, if any, and interest on the Bonds have been fully paid or provision made for their payment in accordance with the provisions of the Indenture.

"Basic Term" means, with respect to the Lease, the term of the Lease commencing on November 25, 2014 and ending on September 1, 2040, subject to prior termination as specified in the Lease.

"Beneficial Owner" of the Bonds includes any Owner of the Bonds and any other person who, directly or indirectly, has investment power with respect to any of the Bonds.

"Bondowner" means the Owner of any Bond.

"Bond Counsel" means the firm of Gilmore & Bell, P.C., or any other attorney or firm of attorneys whose expertise in matters relating to the issuance of obligations by states and their political subdivisions is nationally recognized and acceptable to the PBC and County.

"Bond Payment Date" means any date on which principal of or interest on any Bond is payable.

"Bond Register" means the books for the registration, transfer and exchange of Bonds kept by the Trustee.

"Bonds" or **"Bond"** means, collectively, the Series 2014B Bonds, the Series 2016A Bonds, the Series 2020C Bonds, and any Additional Bonds issued under the Indenture.

"Business Day" means a day which is not a Saturday, Sunday or any day designated as a holiday by the Congress of the United States or by the Legislature of the State and on which banks in the City of New York or in the State are not authorized to be closed.

"Certificate of Completion" means a written certificate signed by the Authorized PBC Representative stating that: (a) the Improvements have been completed in accordance with the plans and specifications prepared or approved by the PBC; (b) the Improvements have been completed in a good and workmanlike manner; (c) no mechanic's or materialmen's liens have been filed, nor is there any basis for the filings of such liens, with respect to the Improvements; (d) the Improvements are located or installed on the Land; and (e) if required by applicable building codes, that an appropriate certificate of occupancy has been issued with respect to the Improvements.

"Code" means the Internal Revenue Code of 1986, as amended, together with the regulations promulgated thereunder by the United States Department of the Treasury.

"Construction Fund" means the fund by that name created in the Indenture.

"Continuing Disclosure Undertaking" means the Continuing Disclosure Undertaking dated as of November 10, 2020 delivered by the County, as may be amended from time to time in accordance with the provisions thereof.

"Costs of Issuance" means all costs of issuing the Bonds, including all publication, printing, signing and mailing expenses in connection therewith, registration fees, financial advisory fees, all legal fees and expenses of Bond Counsel and other legal counsel, expenses incurred in connection with compliance with the Code, all expenses incurred in connection with receiving ratings on the Bonds, and any premiums or expenses incurred in obtaining municipal bond insurance on the Bonds.

"Costs of Issuance Fund" means the fund by that name created in the Indenture.

"County" means Johnson County, Kansas, and its successors and assigns.

"Defaulted Interest" means interest on any Bond which is payable but not paid on any Interest Payment Date.

"Defeasance Obligations" means any of the following obligations:

(a) United States Government Obligations that are not subject to redemption in advance of their maturity dates; or

(b) obligations of any state or political subdivision of any state, the interest on which is excluded from gross income for federal income tax purposes and which meet the following conditions:

(1) the obligations are (A) not subject to redemption prior to maturity or (B) the trustee for such obligations has been given irrevocable instructions concerning their calling and redemption and the issuer of such obligations has covenanted not to redeem such obligations other than as set forth in such instructions;

(2) the obligations are secured by cash or United States Government Obligations that may be applied only to principal of, premium, if any, and interest payments on such obligations;

(3) such cash and the principal of and interest on such United States Government Obligations (plus any cash in the escrow fund) are sufficient to meet the liabilities of the obligations;

(4) such cash and United States Government Obligations serving as security for the obligations are held in an escrow fund by an escrow agent or a trustee irrevocably in trust;

(5) such cash and United States Government Obligations are not available to satisfy any other claims, including those against the trustee or escrow agent; and

(6) such obligations are rated in the highest rating category by Moody's (presently "Aaa") or Standard & Poor's (presently "AAA").

"Derivative" means any investment instrument whose market price is derived from the fluctuating value of an underlying asset, index, currency, futures contract, including futures, options and collateralized mortgage obligations.

"Environmental Law" means the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. § 9601, *et seq*., the Superfund Amendments and Reauthorization Act of 1986, as now in effect and as hereafter amended, and any other federal, state or local environmental statute, regulation or ordinance presently in effect or coming into effect during the term of the Lease.

"Event of Default" means, with respect to the Indenture, any one of the following events:

(a) Default in the due and punctual payment of the principal of, premium, if any, and interest on the Bonds whether at the stated maturity or accelerated maturity thereof, or at the redemption date thereof;

(b) Default in the performance or observance of any other of the covenants, agreements or conditions on the part of the PBC under the Indenture or the Bonds, and the continuance thereof for a period of **30** days after written notice thereof shall have been given to the PBC by the County, or to the PBC and the County by the Owners owning not less than **25%** in aggregate principal amount of Bonds then Outstanding; provided, however, if any default shall be such that it cannot be corrected within such **30-**day period, it shall not constitute an Event of Default if corrective action is instituted by the PBC or the County within such period and diligently pursued until the default is corrected; or

(c) An Event of Default as defined in the Lease shall have occurred.

“Event of Default” means, with respect to the Lease, any one of the following events:

(a) Failure of the County to make any payment of Basic Rent at the time and in the amounts required under the Lease; or

(b) Failure of the County to make any payment of Additional Rent at the times and in the amounts required under the Lease, or failure to observe or perform any other covenant, agreement, obligation or provision of the Lease on the County’s part to be observed or performed (other than covenants relating to continuing disclosure contained in the Lease), and the same is not remedied within thirty (30) days after the PBC has given the County written notice specifying such failure (or such longer period as shall be reasonably required to correct such default; provided that (1) the County has commenced such correction within said 30-day period and (2) the County diligently prosecutes such correction to completion); or

(c) An event whereby the County shall: (a) admit in writing its inability to pay its debts as they become due; or (b) file a petition in bankruptcy or for reorganization or for the adoption of an arrangement under the Bankruptcy Code as now or in the future amended, or file a pleading asking for such relief; or (c) make an assignment for the benefit of creditors; or (d) consent to the appointment of a trustee or receiver for all or a major portion of its property; or (e) be finally adjudicated as bankrupt or insolvent under any federal or state law; or (f) suffer the entry of a final and nonappealable court order under any federal or state law appointing a receiver or trustee for all or a major part of its property or ordering the winding-up or liquidation of its affairs, or approving a petition filed against it under the Bankruptcy Code, which order, if the County has not consented thereto, shall not be vacated, denied, set aside or stayed within 60 days after the day of entry; or (g) suffer a writ or warrant of attachment or any similar process to be issued by any court against all or any substantial portion of its property, and such writ or warrant of attachment or any similar process is not contested, stayed, or is not released within 60 days after the final entry, or levy or after any contest is finally adjudicated or any stay is vacated or set aside; or

(d) Abandonment of the Facility by the County.

“Event of Default” means, with respect to the Sublease, subject to the provisions described under the caption “THE SUBLEASE – Nonappropriation” below, any one of the following events:

(a) Failure of the Library Board to make any payment of Basic Rent at the time and in the amounts required under the Lease; or

(b) Failure of the Library Board to make any payment of Additional Rent at the times and in the amounts required under the Sublease, or failure to observe or perform any other covenant, agreement, obligation or provision of the Sublease on the Library Board’s part to be observed or performed, and the same is not remedied within thirty (30) days after the County has given the Library Board written notice specifying such failure (or such longer period as shall be reasonably required to correct such default; provided that (1) the Library Board has commenced such correction within said 30-day period and (2) the Library Board diligently prosecutes such correction to completion); or

(c) An event whereby the Library Board shall: (a) admit in writing its inability to pay its debts as they become due; or (b) file a petition in bankruptcy or for reorganization or for the adoption of an arrangement under the Bankruptcy Code as now or in the future amended, or file a pleading asking for such relief; or (c) make an assignment for the benefit of creditors; or (d) consent to the appointment of a trustee or receiver for all or a major portion of its property; or (e) be finally adjudicated as bankrupt or insolvent under any federal or state law; or (f) suffer the entry of a final and nonappealable court order under any federal or state law appointing a receiver or trustee for all or a major part of its property or ordering the winding-up or liquidation of its affairs, or approving a petition filed against it under the Bankruptcy Code, which order, if the Library Board has not consented thereto, shall not be vacated, denied, set aside or stayed within 60 days after the day of entry; or (g) suffer a writ or warrant of attachment or any similar process to be issued by any court against all or any substantial portion of its property, and such writ or warrant of attachment or any similar process is not contested, stayed, or is not released within 60 days after the final entry, or levy or after any contest is finally adjudicated or any stay is vacated or set aside; or

(d) Abandonment of the Facility by the Library Board.

"Facility" means the Land and the Improvements acquired, constructed or installed with the proceeds of the Bonds, together with any Facility Additions, except those portions of the Facility that have been purchased by the PBC pursuant to the provisions of **Section 16.2** of the Lease.

"Facility Additions" means any additions to the Facility acquired, constructed or installed from proceeds of any series of Additional Bonds authorized and issued pursuant to the Indenture. It also includes any alterations or additions made to the Facility to the extent provided in the Lease.

"First Amended and Restated Base Lease" means the First Amended and Restated Base Lease dated as of October 1, 2016 between the Library Board, as lessor, and the PBC, as lessee, as amended from time to time according to the terms thereof.

"First Amended and Restated Lease" means the First Amended and Restated Lease dated as of October 1, 2016 between the PBC, as lessor, and the County, as lessee, as amended from time to time according to the terms thereof.

"First Amended and Restated Sublease" means the First Amended and Restated Sublease dated as of October 1, 2016 between the County, as lessor, and the Library Board, as lessee, as amended from time to time according to the terms thereof.

"First Amendment to First Amended and Restated Base Lease" means the First Amendment to First Amended and Restated Base Lease dated as of November 1, 2020 between the Library Board and the PBC, as amended from time to time according to the terms thereof.

"First Amendment to First Amended and Restated Lease" means the First Amendment to First Amended and Restated Lease dated as of November 1, 2020 between the PBC and the County, as amended from time to time according to the terms thereof.

"First Amendment to First Amended and Restated Sublease" means the First Amendment to First Amended and Restated Sublease dated as of November 1, 2020 between the County and the Library Board, as amended from time to time according to the terms thereof.

"Full Insurable Value" means the full actual replacement cost less physical depreciation.

"Impositions" means all taxes and assessments, general and special, which may be lawfully taxed, charged, levied, assessed or imposed upon or against or payable for or in respect of the Facility or any part thereof, or any improvements at any time thereon or the County's or the Library Board's interest therein, including any new lawful taxes and assessments not of the kind enumerated above to the extent that the same are lawfully made, levied or assessed in lieu of or in addition to taxes or assessments now customarily levied against real or personal property, and further including all water and sewer charges, assessments and other governmental charges and impositions whatsoever, foreseen or unforeseen.

"Improvement Costs" means those costs incurred in connection with the Improvements, including:

(a) all costs and expenses of every nature incurred in connection with constructing, acquiring, installing or equipping of the Improvements;

(b) fees and expenses of architects, appraisers, surveyors and engineers for estimates, surveys, soil borings and soil tests and other preliminary investigations and terms necessary to the commencement of construction, preparation of plans, drawings and specifications and supervision of construction, as well as for the performance of all other duties of architects, appraisers, surveyors and engineers in relation to the construction, furnishing and equipping of the Facility or the issuance of the Bonds;

(c) payment of interest actually incurred on any interim financing obtained from a lender unrelated to the County for performance of work on the Improvements prior to the issuance of the Bonds;

(d) the costs of title insurance policies and the cost of any insurance and performance and payment bonds maintained during the construction of the Improvements in accordance with the Lease;

(e) interest accruing on the Bonds during the period of construction of the Improvements; and

(f) Costs of Issuance.

"Improvements" means, collectively, the construction, reconstruction, equipping and furnishing of improvements to the Land, including the following:

(a) constructing, expanding, reconstructing, furnishing and equipping an expansion to the Central Resource Library (the "Central Resource Improvements");

(b) design, construct, equip and furnish a new Monticello Library to be located at 22435 W. 66th Street (the "Monticello Library");

(c) acquiring, constructing, expanding, furnishing and equipping the Leawood Pioneer Library (the "Leawood Pioneer Library Improvements"); and

(d) designing, constructing, furnishing and equipping improvements to the Central Resource Library as set forth in Resolution No. PBC 003-19 (the "Series 2020C Central Resource Improvements").

"Indenture" means the Trust Indenture dated as of November 1, 2014 between the PBC and the Trustee, as from time to time amended and supplemented by Supplemental Indentures in accordance with the provisions of the Indenture.

"Interest Payment Date" means each March 1 and September 1. Interest Payment Dates for the Series 2020C Bonds shall commence September 1, 2021, and Interest Payment dates for Additional Bonds will commence as specified in the Supplemental Indentures authorizing such Additional Bonds.

"Investment Securities" means the investments hereinafter described, provided, however, no moneys or funds shall be invested in a Derivative: (a) investments authorized by K.S.A. 12-1675 and amendments thereto; (b) the municipal investment pool established pursuant to K.S.A. 12-1677a, and amendments thereto; (c) direct obligations of the United States Government or any agency thereof; (d) the PBC's temporary notes issued pursuant to K.S.A. 10-123 and amendments thereto; (e) interest-bearing time deposits in commercial banks or trust companies located in the County which are insured by the Federal Deposit Insurance Corporation or collateralized by securities described in (c); (f) obligations of the federal national mortgage association, federal home loan banks, federal home loan mortgage corporation or government national mortgage association; (g) repurchase agreements for securities described in (c) or (f); (h) investment agreements or other obligations of a financial institution the obligations of which at the time of investment are rated in either of the three highest rating categories by Moody's or Standard & Poor's; (i) investments and shares or units of a money market fund or trust, the portfolio of which is comprised entirely of securities described in (c) or (f); (j) receipts evidencing ownership interests in securities or portions thereof described in (c) or (f); (k) municipal bonds or other obligations issued by any municipality of the State as defined in K.S.A. 10-1101 which are general obligations of the municipality issuing the same; or (l) bonds of any municipality of the State as defined in K.S.A. 10-1101 which have been refunded in advance of their maturity and are fully secured as to payment of principal and interest thereon by deposit in trust, under escrow agreement with a bank, of securities described in (c) or (f), all as may be further restricted or modified by amendments to applicable State law.

"Kansas Tort Claims Act" means K.S.A. 75-6101 *et seq.*, and amendments thereto.

"Land" means, collectively, the real property (or interests therein) described in **Exhibit B** attached to the Lease on which the Improvements are located, including the existing improvements located thereon.

"Lease" means the First Amended and Restated Lease, as from time to time amended and supplemented in accordance with the provisions thereof.

"Library Board" means the Board of Directors of the Johnson County Library, a body corporate and politic organized and existing under the laws of the State, and its successors and assigns.

"Maturity" when used with respect to any Bond, means the date on which the principal of such Bond becomes due and payable as therein and provided in the Indenture, whether at the Stated Maturity thereof or call for redemption or otherwise.

"Maximum Term" means, with respect to the Sublease, the Original Term and all Renewal Terms through the later of (a) September 1, 2040 or (b) the date on which payment or provision for payment of the principal of, redemption premium, if any, and interest on all Outstanding Bonds is made.

"Moody's" means Moody's Investor's Service, Inc., and its successors and assigns, and if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities ratings agency, "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency designated by the PBC.

"Net Proceeds" means, when used with respect to any insurance or condemnation award with respect to the Facility, the proceeds from the insurance or condemnation award remaining after the payment of all expenses (including attorneys' fees and any extraordinary expenses of the County, the Library Board or the Trustee occasioned by such casualty or condemnation) incurred in the collection of such proceeds.

"Original Term" means, with respect to the Sublease, the initial term of the Sublease beginning on November 25, 2014 and ending on the last day of the Library Board's current fiscal year.

"Outstanding" means, when used with reference to the Bonds, as of a particular date of determination, all Bonds previously authenticated and delivered, except the following Bonds:

(a) Bonds previously canceled by the Trustee or delivered to the Trustee for cancellation;

(b) Bonds deemed to be paid in accordance with the provisions of the Indenture; and

(c) Bonds in exchange for or in lieu of which other Bonds have been authenticated and delivered under the Indenture.

"Owner" when used with respect to any Bond means the person in whose name such Bond is registered on the Bond Register.

"Paying Agent" means the Trustee.

"PBC" means the Public Building Commission of Johnson County, Kansas, a municipal corporation organized and existing under the laws of the State, and its successors and assigns.

"Principal and Interest Fund" means the fund by that name created in the Indenture.

"Rebate Fund" means the fund by that name created in the Indenture.

"Redemption Date," when used with respect to any Bond to be redeemed means the date fixed for the redemption of such Bond pursuant to the terms of the Indenture.

"Renewal Terms" means, with respect to the Sublease, the renewal terms of the Sublease during which the Term is extended in accordance with the terms of the Sublease, each having a duration of one year and a term coextensive with the Library Board's fiscal year except as otherwise provided in the Sublease.

"Rental Payments" means the aggregate of the Basic Rent payments and Additional Rent payments pursuant to the Lease.

"SEC Rule" means Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as may be amended from time to time.

"Series 2014B Bonds" means the Public Building Commission of Johnson County, Kansas Lease Purchase Revenue Bonds (Library Projects), Series 2014B, dated November 25, 2014.

"Series 2016A Bonds" means the Public Building Commission of Johnson County, Kansas Lease Purchase Revenue Improvement and Refunding Bonds (Library Projects), Series 2016A, dated October 1, 2016.

"Series 2020C Bonds" means the Public Building Commission of Johnson County, Kansas Lease Purchase Revenue Bonds (Central Resource Library Project), Series 2020C, dated November 10, 2020.

"Series 2020C Costs of Issuance Account" means the account by that name created in the Indenture.

"Series 2020C Principal and Interest Account" means the account by that name created in the Indenture.

"Series 2020C Project Account" means the account by that name created in the Indenture.

"**Series 2020C Rebate Fund"** means the fund by that name created in the Indenture.

"Standard & Poor's" or "S&P" means S&P Global Ratings, a division of S&P Global Inc., a corporation organized and existing under the laws of New York, and its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, Standard & Poor's shall be deemed to refer to any other nationally recognized securities rating agency designated by the PBC.

"State" means the State of Kansas.

"Stated Maturity" when used with respect to any Bond or any installment of interest thereon means the date specified in such Bond and the Indenture as the fixed date on which the principal of such Bond or such installment of interest is due and payable.

"Sublease" means the First Amended and Restated Sublease, as from time to time amended and supplemented in accordance with the provisions thereof.

"Supplemental Indenture" means any indenture, supplemental or amendatory to the Indenture, entered into by the PBC and the Trustee pursuant to the Indenture.

"Tax Compliance Agreement" means (a) with respect to the Series 2014B Bonds, the Tax Compliance Agreement dated as of November 1, 2014; (b) with respect to the Series 2016A Bonds, the Tax Compliance Agreement dated as of October 1, 2016; and, (c) with respect to the Series 2020C Bonds, the Tax Compliance Agreement dated as of November 1, 2020, all such agreements among the PBC, the County, the Library Board and the Trustee, as from time to time amended and supplemented in accordance with the provisions thereof.

"Tax-Exempt Bonds" means Bonds of a series the interest on which is intended to be excluded from gross income for federal income tax purposes as designated by the PBC at the time of issuance of a series of Bonds.

"Third Supplemental Indenture" means the Third Supplemental Trust Indenture dated as of November 1, 2020, between the PBC and the Trustee, as amended from time to time according to the terms of the Indenture.

"Trust Estate" means:

(a) all right, title and interest, of the PBC in, to and under the Base Lease and the Lease, all Basic Rent and Additional Rent derived by the PBC pursuant to the Lease, subject to the provisions of the Lease and the Base Lease; provided that the pledge and assignment made by the Indenture shall not impair or diminish the obligations of the PBC under the provisions of the Lease and the Base Lease;

(b) all moneys and securities from time to time held by the Trustee under the terms of the Indenture (except moneys and securities held in the Rebate Fund), including, without limitation, Bond proceeds and income from the temporary investment thereof, and proceeds from insurance and condemnation awards; and

(c) any and all other property (real, personal or mixed) of every kind and nature from time to time hereafter, by delivery or by right of any kind, pledged, assigned or transferred as and for additional security under the Indenture by the PBC or by anyone on its behalf of with its written consent, to the Trustee, which is authorized by the Indenture to receive any and all such property at any and all times and to hold and apply the same subject to the terms of the Indenture.

"Trustee" means Security Bank of Kansas City, Kansas City, Kansas, a state banking corporation organized under the laws of the State of Kansas, in its capacity as trustee, bond registrar and paying agent, and its successor or successors, and any other corporation or association with at the time may be substituted in its place pursuant to and at the time serving as Trustee under the Indenture.

"United States Government Obligations" means bonds, notes, certificates of indebtedness, treasury bills or other securities constituting direct obligations of, or obligations the principal of and interest on which are fully and unconditionally guaranteed as to full and timely payment by, the United States of America, including evidences of a direct ownership interest in future interest or principal payment on obligations issued by the United States of America (including the interest component of obligations of the Resolution Funding Corporation), or securities which represent an undivided interest in such obligations, which obligations are rated in the highest rating category by a nationally recognized rating service and such obligations are held in a custodial account for the benefit of the PBC.

THE INDENTURE

Authorization of Bonds

The PBC may issue Bonds in series from time to time under the Indenture, but subject to the provisions of the Indenture and any Supplemental Indenture authorizing a series of Bonds. The total principal amount of Bonds, the number of Bonds and series of Bonds that may be issued under the Indenture is not limited, except as provided in the Indenture, and except as may be limited by law.

Method and Place of Payment of the Bonds

The principal of, or Redemption Price, if any, and interest on the Bonds shall be payable in any coin or currency which, on the respective dates of payment thereof, is legal tender for the payment of public and private debts. The principal or Redemption Price of each Bond shall be paid at Maturity to the Person in whose name such Bond is registered on the Bond Register at the Maturity thereof, upon presentation and surrender of such Bond at the corporate trust office of the Trustee.

The interest payable on each Bond on any Interest Payment Date shall be paid to the Owner of such Bond as shown on the Bond Register at the close of business on the Record Date for such interest (a) by check or draft mailed by the Trustee to the address of such Owner shown on the Bond Register or at such other address as is furnished to the Trustee in writing by such Owner or (b) in the case of an interest payment to any Owner of $500,000 or more in aggregate principal amount of Bonds, by electronic transfer to such Owner upon written notice given to the Trustee by such Owner, not less than 15 days prior to the Record Date for such interest, containing the electronic transfer instructions including the bank (which shall be in the continental United States), ABA routing number and account number to which such Owner wishes to have such transfer directed.

Notwithstanding the foregoing, any Defaulted Interest with respect to any Bond shall cease to be payable to the Owner of such Bond on the relevant Record Date and shall be payable to the Owner in whose name such Bond is registered at the close of business on the Special Record Date for the payment of such Defaulted Interest, which Special Record Date shall be fixed as hereinafter specified in this paragraph. The PBC shall notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on each Bond and the date of the proposed payment (which date shall be at least 30 days after receipt of such notice by the Trustee) and shall deposit with the Trustee at the time of such notice an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment. Following receipt of such funds, the Trustee shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than 15 nor less than 10 days prior to the date of the proposed payment. The Trustee shall promptly notify the PBC of such Special Record Date and, in the name and at the expense of the PBC, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, by first class mail, postage prepaid, to each Owner of a Bond entitled to such notice at the address of such Owner as it appears on the Bond Register not less than 10 days prior to such Special Record Date.

Mutilated, Lost, Stolen or Destroyed Bonds

If (a) any mutilated Bond is surrendered to the Trustee, or the Trustee receives evidence to its satisfaction of the destruction, loss or theft of any Bond, and (b) there is delivered to the PBC and the Trustee such security or indemnity as may be required by each of them, then, in the absence of notice to the Trustee that such Bond has been acquired by a bona fide purchaser, the PBC shall execute and the Trustee shall authenticate and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Bond, a new Bond of the same Stated Maturity and of like tenor and principal amount, bearing a number not contemporaneously outstanding. If such mutilated, destroyed, lost or stolen Bond has become or is about to become due and payable, the PBC, in its discretion, may pay such Bond instead of issuing a new Bond. Upon the issuance of any new Bond, the PBC and the Trustee may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Trustee) connected therewith.

Authorization of Additional Bonds

Additional Bonds may be issued under and equally and ratably secured by the Indenture on a parity with the Bonds and any other Additional Bonds Outstanding at any time and from time to time, upon compliance with the conditions hereinafter described, for any of the following purposes:

(1) To provide funds to pay the costs of completing the Improvements, the total of such costs to be evidenced by a certificate signed by the Authorized PBC Representative.

(2) To provide funds to pay all or any part of the costs of repairing, replacing or restoring the Improvements in the event of damage, destruction or condemnation thereto or thereof.

(3) To provide funds to pay all or any part of the costs of acquisition, purchase or construction of such additions, improvements, extensions, alterations, expansions, or modifications of the Facility or any part thereof as the County may deem necessary or desirable and as will not impair the nature of the Facility as a facility within the meaning and purposes of the Act.

(4) To provide funds for refunding all or any part of the Bonds of any series then Outstanding, including the payment of any premium thereon and interest to accrue to the designated redemption date and any expenses in connection with such refunding.

Before any Additional Bonds shall be issued, the PBC shall adopt a resolution (i) authorizing the issuance of such Additional Bonds, fixing the amount and terms thereof and describing the purpose or purposes for which such Additional Bonds are being issued or describing the Bonds to be refunded; (ii) authorizing the PBC to enter into a Supplemental Indenture for the purpose of providing for the issuance of and securing such Additional Bonds and, if required (iii) authorizing the PBC to enter into a supplemental lease or leases with the County to provide for rental payments at least sufficient to pay the principal of, premium, if any, and interest on the Bonds then to be Outstanding (including the Additional Bonds to be issued) as the same become due, and for such other matters as are appropriate because of the issuance of the Additional Bonds proposed to be issued which, in the judgment of the PBC, is not to the prejudice of the PBC or the Owners of Bonds previously issued.

Except as to any difference in the date, the maturity or maturities, the rate or rates of interest or the provisions for redemption, such Additional Bonds shall be on a parity with and shall be entitled to the same benefit and security of the Indenture as the Bonds and any other Additional Bonds Outstanding at the time of the issuance of such Additional Bonds.

Except as provided above, the PBC will not otherwise issue any obligations ratably secured and on a parity with the Bonds, but the PBC may issue other obligations specifically subordinate and junior to the Bonds with the express written consent of the County.

Payments Due on Saturdays, Sundays and Holidays

In any case where the date of maturity of principal of, premium, if any, or interest on the Bonds or the date fixed for redemption of any Bonds shall not be a Business Day, then payment of principal, premium, if any, or interest need not be made on such date but may be made on the next succeeding Business Day with the same force and effect as if made on the date of maturity or the date fixed for redemption, and no interest shall accrue for the period after such date.

Nonpresentment of Bonds

In the event any Bond shall not be presented for payment when the principal thereof becomes due, at Maturity, if funds sufficient to pay such Bond have been made available to the Trustee, all liability of the PBC to the Owner thereof for the payment of such Bond, shall forthwith cease, determine and be completely discharged, and thereupon it shall be the duty of the Trustee to hold such funds, without liability for interest thereon, for the benefit of the Owner of such Bond, who shall thereafter be restricted exclusively to such fund or funds for any claim of whatever nature on his part under the Indenture or on, or with respect to, said Bond. If any Bond is not presented for payment within six (6) years following the date when such Bond becomes due, at Maturity, the Trustee upon the request of the PBC shall repay to the PBC the funds theretofore held by it for payment of such Bond, and such Bond shall, subject to the defense of any applicable statute of limitation, thereafter be an unsecured obligation of the PBC, and the Owner thereof shall be entitled to look only to the PBC for payment, and then only to the extent of the amount so repaid, and the PBC shall not be liable for any interest thereon and shall not be regarded as a trustee of such money.

Redemption of Bonds Generally

The PBC Series 2020C Bonds are subject to redemption prior to maturity as described in this Official Statement under the caption "THE PBC SERIES 2020C BONDS—Redemption Provisions." Additional Bonds shall be subject to redemption prior to maturity in accordance with the applicable terms and provisions contained in the Indenture and as may be specified in such Bonds and the Supplemental Indenture authorizing such Bonds.

Election to Redeem; Selection of Bonds to be Redeemed

In the event the PBC desires to call the Bonds for redemption prior to maturity, written notice of such intent shall be provided to the Trustee from the PBC, together with the written consent of the County, not less than 35 days prior to the Redemption Date. The Trustee shall call Bonds for redemption and payment and shall give notice of such redemption as herein provided upon receipt by the Trustee at least 35 days prior to the Redemption Date of written instructions of the PBC specifying the principal amount, Stated Maturities, Redemption Date and

Redemption Prices of the Bonds to be called for redemption. The Trustee may in its discretion waive such notice period so long as the notice requirements set forth in the Indenture. The foregoing provisions of this paragraph shall not apply in the case of any mandatory redemption of Bonds under the Indenture, and Bonds shall be called by the Trustee for redemption pursuant to such mandatory redemption requirements without the necessity of any action by the PBC and whether or not the Trustee holds moneys available and sufficient to effect the required redemption.

Bonds shall be redeemed only in the minimum authorized denomination of $5,000 (or other authorized denomination of the Bonds of any series specified in the Supplemental Indenture authorizing such series of Bonds) or any integral multiple thereof. Bonds that are to be redeemed pursuant to optional redemption provisions shall be selected from the maturity or maturities selected by the PBC, unless otherwise provided in a Supplemental Indenture with respect to a particular Series of Bonds. If less than all Bonds of any maturity are to be redeemed, the particular Bonds to be redeemed shall be selected by the Bond Trustee from the Bonds of such maturity which have not previously been called for redemption, by lot or such other equitable manner as the Bond Trustee may determine and which may provide for the selection for redemption of portions of the principal of Bonds equal to the minimum authorized denomination of the Bonds of a denomination larger than the minimum authorized denomination.

Notice and Effect of Call for Redemption

Unless waived by any Owner of Bonds to be redeemed, if the PBC shall call any Bonds for redemption and payment prior to the Stated Maturity thereof, the Trustee on behalf of the PBC shall give written notice of redemption to the Owners of said Bonds. Said written notice shall be deposited in the United States first class mail not less than 20 days prior to the Redemption Date. All official notices of redemption shall be dated and shall contain the Redemption Date, the Redemption Price, the principal amount (and, in the case of partial redemption, the respective principal amounts, identification numbers and Maturities) of the Bonds to be redeemed, a statement that on the Redemption Date the Redemption Price will become due and payable upon each such Bond or portion thereof called for redemption and that interest thereon shall cease to accrue from and after the Redemption Date, and the place where such Bonds are to be surrendered for payment of the Redemption Price, which shall be the corporate trust office of the Trustee.

With respect to optional redemptions, such notice may be conditioned upon moneys being on deposit with the Trustee on or prior to the Redemption Date in an amount sufficient to pay the Redemption Price on the Redemption Date. If such notice is conditional and either the Trustee receives written notice from the PBC that moneys sufficient to pay the Redemption Price will not be on deposit on the Redemption Date, or such moneys are not received on the Redemption Date, then such notice shall be of no force and effect, the Trustee shall not redeem such Bonds and the Trustee shall give notice, in the same manner in which the notice of redemption was given, that such moneys were not or will not be so received and that such Bonds will not be redeemed.

The failure of any Owner to receive notice given as provided in this Section, or any defect therein, shall not affect the validity of any proceedings for the redemption of any Bonds. Any redemption notice mailed by the Trustee shall be conclusively presumed to have been duly given and shall become effective upon mailing, whether or not any Owner receives such notice.

So long as the Securities Depository is effecting book-entry transfers of the Bonds, the Trustee shall provide the notice specified in this Section to the Securities Depository. It is expected that the Securities Depository shall, in turn, notify its Participants and that the Participants, in turn, will notify or cause to be notified the Beneficial Owners. Any failure on the part of the Securities Depository or a Participant, or failure on the part of a nominee of a Beneficial Owner of a Bond (having been mailed notice from the Bond Registrar, the Securities Depository, a Participant or otherwise) to notify the Beneficial Owner of the Bond so affected, shall not affect the validity of the redemption of such Bond.

Official notice of redemption having been given as aforesaid, the Bonds or portions of Bonds to be redeemed shall become due and payable on the Redemption Date, at the Redemption Price therein specified, and from and after the Redemption Date (unless the PBC defaults in the payment of the Redemption Price) such Bonds or portion of Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with such notice, the Redemption Price of such Bonds shall be paid by the Trustee. Installments of interest due on or prior to the Redemption Date shall be payable as herein provided for payment of interest. Upon surrender for any partial redemption of any Bond, there shall be prepared for the Owner a new Bond or Bonds of the same Stated Maturity in the amount of the unpaid principal as provided herein.

Creation of Funds and Accounts

There is created and ordered to be established in the custody of the PBC the following funds and accounts:

(a) In the Construction Fund, a separate account designated as the "Series 2020C Project Account."

(b) In the Costs of Issuance Fund, a separate account designated the "Series 2020C Costs of Issuance Account."

There are created and ordered to be established in the custody of the Trustee the following separate funds and accounts:

(a) Within the Principal and Interest Fund, a separate account designated the "Series 2020C Principal and Interest Account."

(b) Within the Rebate Fund, a separate fund designated the "Series 2020C Rebate Fund."

The PBC and the Trustee shall hold such funds in trust pursuant to the terms of the Indenture as long as any of the Bonds remain outstanding and unpaid or until provisions are made for the payment thereof in accordance with the terms of the Indenture.

The PBC and the Trustee are authorized to establish separate accounts or subaccounts within such funds or otherwise segregate moneys within such funds, on a book-entry basis or in such other manner as the PBC or the Trustee may deem necessary or convenient.

Deposits into the Construction Fund

The following funds shall be paid over to and deposited by the PBC into the Construction Fund, as and when received:

(a) The proceeds from the sale of the Series 2020C Bonds to be paid into the Construction Fund pursuant to the Indenture;

(b) The earnings accrued on the investment of moneys in the Construction Fund and required to be deposited into the Construction Fund pursuant to the Indenture;

(c) The proceeds from the sale of Additional Bonds (except Additional Bonds issued to refund Outstanding PBC 2020C Bonds) required to be paid into the Construction Fund pursuant to the Supplemental Indenture authorizing such Additional Bonds;

(d) All amounts collected under any performance and labor and material payment bond and any and all payments from any contractors or other suppliers by way of breach of contract, refunds or adjustments paid to the PBC, the County or the Library Board in connection with the Improvements;

(e) The Net Proceeds of casualty insurance, condemnation awards or title insurance required to be deposited into the Construction Fund pursuant to the Lease;

(f) Any and all payments from contractors or other suppliers by way of breach of contract, refunds or adjustments required to be deposited into the Construction Fund pursuant to the Lease; and

(g) Except as otherwise provided in the Indenture or in the Lease, any other money received by or to be paid to the Trustee from any other source for the acquisition, construction, and equipping of the Improvements, when accompanied by directions from the PBC, the County or the Library Board that such moneys are to be deposited into the Construction Fund.

Application of Moneys in the Construction Fund

Moneys in the Construction Fund shall be disbursed by the PBC for the payment of Improvement Costs in accordance with the provisions of the Lease.

The completion of the Improvements from proceeds of the Series 2020C Bonds and payment of all costs and expenses incident thereto shall be evidenced by the filing with the Trustee by the PBC of a Certificate of Completion provided pursuant to the Lease. As soon thereafter as practicable any balance remaining in the Construction Fund (other than amounts required to be transferred to the Rebate Fund) shall without further authorization be transferred to the Trustee to be deposited into the Principal and Interest Fund and be applied by the Trustee solely to: (i) the payment of principal and premium, if any, of the Series 2020C Bonds through the payment or redemption thereof at the earliest date permissible under the terms of the Indenture, or (ii) at the option of the PBC, to the purchase of the Series 2020C Bonds at such earlier date or dates as the PBC may elect.

Application of Moneys in the Costs of Issuance Fund

All moneys held in the Costs of Issuance Fund shall be applied by the PBC to pay the Costs of Issuance. Any moneys remaining in the Costs of Issuance Fund at such time as all Costs of Issuance with respect to the Series 2020C Bonds have been paid, but in any case not later than February 1, 2021, shall be transferred to Series 2020C Project Account, or if the Improvements are complete, shall be transferred to the Trustee for deposit in the Series 2020C Principal and Interest Account.

Deposits into the Principal and Interest Fund

The Trustee shall deposit into the Principal and Interest Fund, as and when received, the following:

(a) All Rental Payments paid by or on behalf of the County to the PBC attributable to payments of principal of, redemption premium, if any, or interest on the Bonds.

(b) Any amount in the Construction Fund to be transferred to the Principal and Interest Fund pursuant to the Indenture upon completion of the Improvements.

(c) Any amount in the Costs of Issuance Fund to be transferred to the Principal and Interest Fund pursuant to the Indenture.

(d) All interest and other income derived from the investment of moneys held in the Principal and Interest Fund as provided in the Indenture.

(e) Any amounts required by a Supplemental Indenture authorizing the issuance of Additional Bonds to be deposited in the Principal and Interest Fund, as specified in such Supplemental Indenture.

(f) All other moneys received by the Trustee under and pursuant to any of the provisions of the Indenture or the Lease or otherwise, when accompanied by directions from the person depositing such moneys that such moneys are to be paid into the Principal and Interest Fund.

Application of Moneys in Principal and Interest Fund

Except as otherwise provided in the Indenture, moneys in the Principal and Interest Fund shall be expended solely for the payment of the principal of, premium, if any, and interest on the Bonds as the same shall mature and become due or upon the redemption thereof prior to maturity. The PBC authorizes and directs the Trustee to withdraw sufficient funds of the Principal and Interest Fund to pay the principal of, premium, if any, and interest on the Bonds as the same become due and payable and to make said funds so withdrawn available to the Trustee for the purpose of paying said principal and premium, if any, and interest.

The Trustee, upon written directions from the PBC given pursuant to written direction of the County, shall use any excess moneys in the Principal and Interest Fund to redeem all or part of the Bonds Outstanding in accordance with and to the extent permitted by the Indenture, so long as the County is not in default with respect to any payments under the Lease and to the extent said moneys are in excess of the amount required for payment of Bonds theretofore matured or called for redemption. The County may cause such excess money in the Principal and Interest Fund or such part thereof or other moneys of the County, as the County may direct, to be applied by the Trustee for the purchase of Bonds in the open market for the purpose of cancellation at prices not exceeding the principal amount thereof plus accrued interest thereon to the date of delivery for cancellation.

After payment in full of the principal of, redemption premium, if any, and interest on the Bonds (or after provision has been made for the payment thereof as provided in this Indenture), all rebatable arbitrage to the United States and the fees, charges and expenses of the Trustee and the PBC, and any other amounts required to be paid under this Indenture and the Lease, all amounts remaining in the Principal and Interest Fund shall be paid to the County upon the expiration or sooner termination of the Lease.

Deposits into and Application of Moneys in the Rebate Fund

There shall be deposited into the Rebate Fund such amounts as are required to be deposited therein pursuant to the Tax Compliance Agreement. All money at any time deposited in the Rebate Fund shall be held by the Trustee in trust, to the extent required to pay rebatable arbitrage to the United States of America, and none of the PBC, the County, the Library Board or the Owner of any Bond shall have any right in or claim to such money. All amounts deposited into or on deposit in the Rebate Fund shall be governed by the Indenture and by the Tax Compliance Agreement. The Trustee shall remit from moneys in the Rebate Fund all rebate installments and a final rebate payment to the United States required by the Tax Compliance Agreement.

Moneys to be Held in Trust

All moneys deposited with or paid to the Trustee for the account of any fund or accounts held under the Indenture, and all moneys deposited with or paid to the Trustee under any provision of the Indenture, shall be held by the Trustee in trust and shall be applied only in accordance with the provisions of the Indenture and the Lease and, until used or applied as so provided, shall (except for moneys in the Rebate Fund which shall be held in trust but are not subject to the lien of the Indenture) constitute part of the Trust Estate and be subject to the lien, terms and provisions of the Indenture and shall not be commingled with any other funds of the PBC, the County or the Library Board except as provided in the Indenture for investment purposes.

Investment of Moneys in Funds

Moneys held in the Principal and Interest Account and the Rebate Fund shall be separately invested and reinvested by the Trustee, at the written instruction of the Authorized PBC Representative, in Investment Securities which mature or are subject to redemption by the owner prior to the date when such moneys will be needed. Moneys held in the Construction Fund and the Costs of Issuance Fund shall be separately invested and reinvested by the PBC in Investment Securities which mature or are subject to redemption by the owner prior to the date when such moneys will be needed.

Neither the Trustee nor the PBC shall make any investments which would violate the provisions of Section 148 of the Code or the Tax Compliance Agreement. Any Investment Securities shall be held by or under the control of the Trustee or the PBC, as applicable, and shall be deemed at all times to be a part of the fund or account in which such moneys are originally held, and except as otherwise specifically provided in the Indenture, the interest accruing thereon and any profit realized from such Investment Securities shall be credited to and accumulated in such fund or account, and any loss resulting from such Investment Securities shall be charged to such fund or account. The Trustee or the PBC shall sell and reduce to cash a sufficient amount of such Investment Securities whenever the cash balance in any fund or account is insufficient for the purposes of such fund or account.

Payment of Principal of, Premium, If Any, and Interest on the Bonds

The PBC covenants and agrees that it will, but solely from the rents, revenues and receipts derived from the Facility as described in the Indenture, promptly pay or cause to be paid the principal of, premium, if any, and interest on the Bonds as the same become due and payable at the place, on the dates and in the manner provided in the Indenture and in the Bonds according to the true intent and meaning thereof, and to this end the PBC covenants and agrees that it will use its best efforts to cause the Facility to be continuously leased as a revenue and income producing undertaking, and that, should there be a default under the Lease with the result that the right of possession of the Facility is returned to the PBC, the PBC shall fully cooperate with the Trustee and with the Owners to protect the rights and security of the Owners and shall diligently proceed in good faith and use its best efforts to secure another lawful tenant for the Facility to the end that at all times sufficient rents, revenues and receipts will be derived by PBC from the Facility to provide for payment of the principal of, premium, if any, and interest on the Bonds as the same become due and payable. Nothing in the Indenture shall be construed as requiring the PBC to operate the Facility as a business other than as lessor or to use any funds or revenues from any source other than funds and revenues derived from the Facility.

Enforcement of Rights Under the Lease

The PBC covenants and agrees that it shall, by and through the Trustee, enforce all of the Trustee's rights and all of the obligations of the County (at the expense of the County) under the Lease to the extent necessary to preserve the Facility in good order and repair, and to protect the rights of the Trustee and the Owners under the Indenture with respect to the pledge and assignment of the rents, revenues and receipts coming due under the Lease. The PBC agrees that the Trustee as assignee of the Lease in its name or in the name of the PBC may enforce all rights of the PBC and all obligations of the County under and pursuant to the Lease for and on behalf of the Owners, whether or not the PBC is in default under the Indenture.

Tax Covenants

The PBC (to the extent within its power or direction) shall not use or permit the use of any proceeds of Bonds or any other funds of the PBC, directly or indirectly, in any manner, and shall not take or permit to be taken any other action or actions, which would adversely affect the exclusion of the interest on any Bond from gross income for federal income tax purposes. The PBC agrees that so long as any of the Bonds remain Outstanding, it will comply with the provisions of the Tax Compliance Agreement applicable to the PBC. The Trustee agrees to comply with the provisions of the Tax Compliance Agreement applicable to the Trustee.

Exercise of Remedies by the Trustee

Upon the occurrence and continuance of any Event of Default under the Indenture, unless the same is waived as provided in the Indenture, the Trustee shall have the following rights and remedies, in addition to any other rights and remedies provided under the Indenture or by law:

(a) *Right to Bring Suit, Etc.* The Trustee may pursue any available remedy at law or in equity by suit, action, mandamus or other proceeding to enforce the payment of the principal of, premium, if any, and interest on the Bonds Outstanding, including interest on overdue principal (and premium, if any) and on overdue installments of interest, and any other sums due under the Indenture, to realize on or to foreclose any of its interests or liens under the Indenture, the Base Lease or the Lease, to enforce and compel the performance of the duties and obligations of the PBC as set forth in the Indenture and to enforce or preserve any other rights or interests of the Trustee under the Indenture with respect to any of the Trust Estate or otherwise existing at law or in equity.

(b) *Exercise of Remedies at Direction of Bondowners.* If requested in writing to do so by the Owners of not less than a majority in principal amount of Bonds Outstanding and if indemnified as provided in the Indenture, the Trustee shall be obligated to exercise such one or more of the rights and remedies conferred by the Indenture as the Trustee (who may rely upon the advice or opinion of counsel) shall deem most expedient in the interests of the Bondowners.

(c) *Appointment of Receiver*. Upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and of the Bondowners under the Indenture, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the Trust Estate, pending such proceedings, with such powers as the court making such appointment shall confer.

(d) *Suits to Protect the Trust Estate*. The Trustee shall have power to institute and to maintain such proceedings as it may deem expedient to prevent any impairment of the Trust Estate by any acts which may be unlawful or in violation of the Indenture and to protect its interests and the interests of the Bondowners in the Trust Estate, including power to institute and maintain proceedings to restrain the enforcement of or compliance with any governmental enactment, rule or order that may be unconstitutional or otherwise invalid, if the enforcement of or compliance with such enactment, rule or order would impair the security under the Indenture or be prejudicial to the interests of the Bondowners or the Trustee, or to intervene (subject to the approval of a court of competent jurisdiction) on behalf of the Bondowners in any judicial proceeding to which the PBC is a party and which in the judgment of the Trustee has a substantial bearing on the interests of the Bondowners.

(e) *Enforcement Without Possession of Bonds.* All rights of action under the Indenture or any of the Bonds may be enforced and prosecuted by the Trustee without the possession of any of the Bonds or the production thereof in any suit or other proceeding relating thereto, and any such suit or proceeding instituted by the Trustee shall be brought in its own name as trustee of an express trust. Any recovery of judgment shall, after provision for the payment of the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and subject to the provisions of the Indenture, be for the equal and ratable benefit of the Owners of the Bonds in respect of which such judgment has been recovered.

(f) *Restoration of Positions.* If the Trustee or any Bondowner has instituted any proceeding to enforce any right or remedy under the Indenture by suit, foreclosure, the appointment of a receiver, or otherwise, and such proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Trustee or to such Bondowner, then and in every case the PBC, the Trustee and the Bondowners shall, subject to any determination in such proceeding, be restored to their former positions and rights under the Indenture, and thereafter all rights and remedies of the Trustee and the Bondowners shall continue as though no such proceeding had been instituted.

Limitation on Suits by Bondowners

No owner of any Bond shall have any right to institute any proceeding, judicial or otherwise, under or with respect to the Indenture, or for the appointment of a receiver or trustee or for any other remedy under the Indenture, unless:

(a) such Owner has previously given written notice to the Trustee of a continuing event of default;

(b) the Owners of not less than a majority in principal amount of the Bonds Outstanding shall have made written request to the Trustee to institute proceedings in respect of such event of default in its own name as Trustee under the Indenture;

(c) such Owner or Owners have offered to the Trustee indemnity as provided in the Indenture against the costs, expenses and liabilities to be incurred in compliance with such request;

(d) the Trustee for **60** days after its receipt of such notice, request and offer of indemnity has failed to institute any such proceeding; and

(e) no direction inconsistent with such written request has been given to the Trustee during such **60-**day period by the Owners of a majority in principal amount of the Outstanding Bonds;

it being understood and intended that no one or more owners of Bonds shall have any right in any manner whatever by virtue of, or by availing of, any provision of the Indenture to affect, disturb or prejudice the lien of the Indenture or the rights of any other Owners of Bonds, or to obtain or to seek to obtain priority or preference over any other Owners or to enforce any right under the Indenture, except in the manner provided in the Indenture.

Notwithstanding the foregoing or any other provision in the Indenture, however, the Owner of any Bond shall have the right which is absolute and unconditional to receive payment of the principal of (and premium, if any) and interest on such Bond on the respective stated maturities expressed in such Bond (or, in the case of redemption, on the Redemption Date) and nothing contained in the Indenture shall affect or impair the right of any Owner to institute suit for the enforcement of any such payment.

Control of Proceedings by Bondowners

The Owners of a majority in principal amount of the Bonds Outstanding shall have the right, during the continuance of an event of default, provided indemnity has been provided to the Trustee in accordance with the Indenture:

(a) to require the Trustee to proceed to enforce the Indenture, either by judicial proceedings for the enforcement of the payment of the Bonds and the foreclosure of the Indenture, or otherwise; and

(b) to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under the Indenture, provided that:

(1) such direction shall not be in conflict with any rule of law or the Indenture;

(2) the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction; and

(3) the Trustee shall not determine that the action so directed would be unjustly prejudicial to the Owners not taking part in such direction.

Application of Moneys Collected

Notwithstanding anything in the Indenture to the contrary, any moneys collected by the Trustee pursuant to the Indenture (after the deductions for payment of reasonable costs and expenses of proceedings resulting in the collection of such moneys) together with any other sums then held by the Trustee as part of the Trust Estate, shall be applied in the following order, at the date or dates fixed by the Trustee and, in case of the distribution of such money on account of principal (or premium, if any) or interest, upon presentation of the Bonds and the notation thereon of the payment if only partially paid and upon surrender thereof if fully paid:

(a) **First:** To the payment of all amounts due the Trustee under the Indenture;

(b) **Second:** To the payment to the persons entitled thereto of all installments of interest, if any, then due and payable on the Bonds, in the order in which such installments of interest became due and payable, and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or privilege; and

(c) **Third**: To the payment to the persons entitled thereof of the unpaid principal of any of the Bonds which shall have become due and payable (other than Bonds called for redemption for the payment of which moneys are held pursuant to the provisions of the Indenture), in the order of their due dates, and, if the amount available shall not be sufficient to pay in full Bonds due on any particular date, together with such interest, then to the payment, ratably, according to the amount of principal due on such date, to the persons entitled thereto without any discrimination or privilege; and

(d) **Fourth:** To the payment of the remainder, if any, to the County or to whosoever may be lawfully entitled to receive the same or as a court of competent jurisdiction may direct.

Whenever moneys are to be applied by the Trustee pursuant to the above provisions, such moneys shall be applied by it at such times, and from time to time, as the Trustee shall determine, having due regard for the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such moneys, it shall fix the date (which shall be an Interest Payment Date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, and shall not be required to make payment to the Owner of any unpaid Bond until such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Rights and Remedies Cumulative

No right or remedy conferred in the Indenture upon or reserved to the Trustee or to the Bondowners is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given under the Indenture or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy under the Indenture, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy. No delay or omission of the Trustee or of any Owner of any Bond to exercise any right or remedy accruing upon an Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by the Indenture or by law to the Trustee or to the Bondowners may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by the Bondowners, as the case may be.

Waiver of Past Defaults

Before any judgment or decree for payment of money due has been obtained by the Trustee as provided in the Indenture, the Owners of a majority in principal amount of the Bonds Outstanding may, by written notice delivered to the Trustee and the PBC, on behalf of the Owners of all the Bonds waive any past default under the Indenture and its consequences, except a default (a) in the payment of the principal of (or premium, if any) or interest on any Bond, or (b) in respect of a covenant or provision which under the Indenture cannot be modified or amended without the consent of the Owner of each Outstanding Bond affected.

Upon any such waiver, such default shall cease to exist, and any event of default arising therefrom shall be deemed to have been cured, for every purpose of the Indenture; but no such waiver shall extend to or affect any subsequent or other default or impair any right or remedy consequent thereon.

Trustee

The Trustee accepts and agrees to execute the trusts imposed upon it by the Indenture, but only upon the terms and conditions set forth in the Indenture. The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by the Indenture at the request or direction of any of the Bondowners pursuant to the Indenture or otherwise, unless such Bondowners shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities (except as may result from the Trustee's own negligence or willful misconduct) which might be incurred by it in compliance with such request or direction; *provided that* the Trustee may not require indemnity as a condition to making any payment of principal, purchase price, premium or interest on the Bonds.

Notice of Defaults

The Trustee shall not be required to take notice or be deemed to have notice of any default under the Indenture except a default in any of the payments to the Trustee required to be made by the Indenture, unless the Trustee shall be specifically notified in writing of such default by the PBC or the Owners of at least **25%** in principal amount of all Bonds Outstanding, and in the absence of such notice so delivered, the Trustee may conclusively assume there is no default except as aforesaid. Within **30** days after the occurrence of any default under the Indenture of which the Trustee is required to take notice or has received notice as provided in this paragraph, the Trustee shall give written notice of such default to the PBC and all Owners of Bonds as shown on the Bond Register maintained by the Trustee, unless such default shall have been cured or waived. For the purpose of this Section, the term *"default"* means any event which is, or after notice or lapse of time or both would become, an Event of Default.

Resignation and Removal of Trustee

The Trustee may resign at any time by giving written notice thereof to the PBC, the County and each Owner of Bonds Outstanding as shown by the Bond Register required by the Indenture to be kept by the Trustee. If an instrument of acceptance by a successor Trustee shall not have been delivered to the Trustee within **30** days after the giving of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee.

The Trustee may be removed at any time by an instrument or concurrent instruments in writing delivered to the PBC and the Trustee signed by the Owners of a majority in principal amount of the Outstanding Bonds. The PBC or any Bondowner may at any time petition any court of competent jurisdiction for the removal for cause of the Trustee.

The Trustee shall give notice of each resignation and each removal of the Trustee and each appointment of a successor Trustee to the Registered Owners of Bonds as their names and addresses appear in the Bond Register maintained by the Trustee. No resignation or removal of the Trustee and no appointment of a successor Trustee pursuant to the Indenture shall become effective until the acceptance of appointment by the successor Trustee under the Indenture.

Appointment of Successor Trustee

If the Trustee shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of Trustee for any cause, the PBC (so long as no Event of Default under the Indenture has occurred and is continuing), or the Owners of a majority in principal amount of Bonds Outstanding (if an Event of Default under the Indenture has occurred and is continuing), by an instrument or concurrent instruments in writing delivered to the PBC and the retiring Trustee, shall promptly appoint a successor Trustee.

Supplemental Indentures Not Requiring Consent of Owners

The PBC and the Trustee may from time to time, without the consent of or notice to any of the Owners, amend the Indenture or enter into such Supplemental Indentures as shall not be inconsistent with the terms and provisions of the Indenture, for any one or more of the following purposes:

(a) To cure any ambiguity or formal defect or omission in the Indenture, to correct or supplement any provision in the Indenture that may be inconsistent with any other provision in the Indenture or to make any other change that does not materially adversely affect the rights of the Owners under the Indenture;

(b) To grant to or confer upon the Trustee for the benefit of the Owners, any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Owners or the Trustee or either of them;

(c) To more precisely identify the facilities financed or refinanced with proceeds of the Bonds, or to substitute or add additional property thereto, or to correct or amplify the description of any property at any time subject to the lien of the Indenture, or to subject to the lien of the Indenture additional property;

(d) to add to the conditions, limitations and restrictions on the authorized amount, terms or purposes of issue, authentication and delivery of Bonds or of any series of Bonds, as set forth in the Indenture, additional conditions, limitations and restrictions thereafter to be observed;

(e) To issue Additional Bonds as provided in the Indenture; and

(f) To conform the provisions of the Indenture to the provisions of the Code as the same now exists or may be hereafter amended.

Supplemental Indentures Requiring Consent of Owners

With the written consent of the Owners of not less than a majority in principal amount of the Bonds then Outstanding affected by such Supplemental Indenture, the PBC and the Trustee may enter into one or more Supplemental Indentures for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of the Indenture or of modifying in any manner the rights of the Owners of the Bonds under the Indenture; provided, however, that no such Supplemental Indenture shall, without the consent of the Owner of each Outstanding Bond affected thereby, carry out any of the following:

(a) change the stated maturity of the principal of, or any mandatory sinking fund payment with respect to, or any installment of interest on, any Bond, or change any optional redemption date thereof, or reduce the principal amount thereof or the interest thereon or any premium payable upon the redemption thereof, or change the coin or currency in which any Bond or the interest thereon is payable, or impair the right to institute suit for the enforcement of any such payment on or after the stated maturity thereof (or, in the case of redemption, on or after the redemption date);

(b) reduce the percentage in principal amount of the Outstanding Bonds, the consent of whose Owners is required for any such Supplemental Indenture, or the consent of whose Owners is required for any waiver provided for in the Indenture of compliance with certain provisions of the Indenture or certain defaults under the Indenture and their consequences;

(c) modify the obligation of the PBC to make payment on or provide funds for the payment of any Bond;

(d) modify any of the provisions of this Section, except to increase any percentage provided thereby or to provide that certain other provisions of the Indenture cannot be modified or waived without the consent of the Owner of each Bond affected thereby; or

(e) permit the creation of any lien ranking prior to or on a parity with the lien of the Indenture with respect to any of the Trust Estate or terminate the lien of the Indenture on any property at any time subject thereto or deprive the Owner of any Bond of the security afforded by the lien of the Indenture.

The Trustee may in its discretion (and has the right to rely upon the advice or opinion of counsel) determine whether or not any Bonds would be affected by any Supplemental Indenture and any such determination shall be conclusive upon the Owners of all Bonds, whether theretofore or thereafter authenticated and delivered under the Indenture. The Trustee shall not be liable for any such determination made in good faith.

County's Consent to Supplemental Indentures

Anything in the Indenture to the contrary notwithstanding, an amendment or Supplemental Indenture under the Indenture which affects the rights of the County shall not become effective unless the County shall have consented in writing to the execution and delivery of such Supplemental Indenture.

Payment, Discharge and Defeasance of Bonds

Bonds will be deemed to be paid and discharged and no longer Outstanding under the Indenture and will cease to be entitled to any lien, benefit or security of the Indenture if the PBC shall pay or provide for the payment of such Bonds in any one or more of the following ways:

(a) by paying or causing to be paid the principal of (including redemption premium, if any) and interest on such Bonds, as and when the same become due and payable;

(b) by delivering such Bonds to the Trustee for cancellation; or

(c) by depositing in trust with the Trustee Defeasance Obligations in an amount, together with the income or increment to accrue thereon, without consideration of any reinvestment thereof, sufficient to pay or redeem (when redeemable) and discharge the indebtedness on such Bonds at or before their respective maturity or Redemption Dates (including the payment of the principal of, premium, if any, and interest payable on such Bonds to the maturity or Redemption Date thereof); provided that, if any such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption is given in accordance with the requirements of the Indenture or provision satisfactory to the Trustee is made for the giving of such notice.

The Bonds may be defeased in advance of their maturity or Redemption Dates only with Defeasance Obligations pursuant to subsection (c) above, subject to receipt by the Trustee of a verification report prepared by independent certified public accountants, or other verification agent, addressed to and satisfactory to the Trustee and the PBC, to the effect that such Defeasance Obligations are sufficient for the payment in full of the principal of and redemption premium, if any, and interest on such Bonds at their maturity or Redemption Dates.

The foregoing notwithstanding, the liability of the PBC in respect of such Bonds shall continue, but the Owners thereof shall thereafter be entitled to payment only out of the moneys and Defeasance Obligations deposited with the Trustee as aforesaid.

Moneys and Defeasance Obligations so deposited with the Trustee pursuant to this Section shall not be a part of the Trust Estate but shall constitute a separate trust fund for the benefit of the persons entitled thereto. Such moneys and Defeasance Obligations shall be applied by the Trustee to the payment (either directly or through any paying agent, as the Trustee may determine) to the persons entitled thereto, of the principal (and premium, if any) and interest for whose payment such moneys and Defeasance Obligations have been deposited with the Trustee.

Satisfaction and Discharge of Indenture

The Indenture and the lien, rights and interests created by the Indenture shall cease, determine and become null and void (except as to any surviving rights of transfer or exchange of Bonds provided for in the Indenture) if the following conditions are met:

(a) the principal of, premium, if any, and interest on all Bonds has been paid or is deemed to be paid and discharged by meeting the conditions set forth under the caption "THE INDENTURE **--** Payment, Discharge and Defeasance of Bonds" above; and

(b) all other sums payable under the Indenture with respect to the Bonds are paid or provision satisfactory to the Trustee is made for such payment.

THE BASE LEASE

Grant of Leasehold

The Library Board rents, leases and lets to the PBC, and the PBC rents, leases and hires from the Library Board, the Facility, for the rentals and upon and subject to the terms and conditions set forth in the Base Lease.

Term; Termination

The term of the Base Lease shall commence on November 25, 2014 and end on September 1, 2040, subject to prior termination and extension on the conditions provided in the Base Lease. In no event shall the Base Lease end until all of the principal of, redemption premium, if any, and interest on the Bonds shall have been paid in full or provision made for their payment in accordance with the provisions of the Indenture.

The Base Lease shall terminate in full upon the occurrence of the following:

(a) the payment in full of the Bonds or provision is made therefore in accordance with the Indenture; and

(b) the County, for the benefit of the Library Board, exercises its option to purchase all of the PBC's interest in the Facility for the benefit of the Library Board as provided in the Lease, whereupon the Base Lease shall be considered assigned to the Library Board and terminated through merger of the leasehold interest with the fee interest.

The Base Lease shall terminate in part as to certain discrete portions of the Facility upon the occurrence of the following:

(a) the payment of the portion of the Bonds allocable to a portion of the Facility in accordance with the Lease; and

(b) the County, for the benefit of the Library Board, exercises its option to purchase a portion of the PBC's interest in a portion of the Facility for the benefit of the Library Board as provided in the Lease, whereupon the portion of the Base Lease attributable to such portion of the Facility so purchased shall be considered assigned to the Library Board and terminated through merger of the leasehold interest with the fee interest.

Assignments and Subleases

The PBC may assign its rights under the Base Lease without the consent of the Library Board: (a) in connection with any assignment of its rights under the Lease; (b) if the Lease is terminated for any reason; or (c) if an "Event of Default" as defined in the Lease has occurred.

If an "Event of Default" under the Lease occurs, the PBC shall have the right to possession of the Facility for the remainder of the term of the Base Lease and shall have the right to sublease the Facility or sell its interest in the Facility and the Base Lease upon whatever terms and conditions it deems prudent and in the interest of the Owners of the Bonds.

The Library Board may assign its rights and obligations under the Base Lease and may sublet the Facility on the conditions set forth in the Sublease and the Act.

Taxes and Assessments

The Library Board covenants and agrees to pay any and all assessments of any kind or character and all taxes levied or assessed upon the Facility.

Title and Consideration

Title to the Land shall remain in the Library Board at all times. The leasing of the Facility to the Library Board under the Sublease shall be deemed the Library Board's entire consideration for the Base Lease.

THE LEASE

Granting of Leasehold

The PBC rents, leases and lets to the County, and the County rents, leases and hires from the PBC, the Facility for the Basic Term, for the rentals and upon and subject to the terms and conditions set forth in the Lease.

Termination of Lease

The Lease will terminate upon the occurrence of the following:

(a) all Rental Payments that the County is obligated under the Lease to pay during the Basic Term and any Additional Term have been paid to the PBC in full;

(b) the County has made arrangements which, in the opinion of the PBC, are adequate to comply with the PBC's obligations to pay any arbitrage rebate to the United States;

(c) all of the principal of, redemption premium, if any, and interest on all Outstanding Bonds shall have been paid in full or provision made for their payment in accordance with the provisions of the Indenture; and

(d) the County has exercised its option to purchase the PBC's interest in the entirety of the Facility pursuant to the Lease.

Rental Payments

The County covenants and agrees to pay Basic Rent in immediately available funds, less Basic Rent Credits, on each Basic Rent Payment Date. Such payments shall be made directly to the Trustee for deposit in accordance with the provisions of the Indenture into the Principal and Interest Fund, to be applied by the Trustee in the manner and for the purposes set forth in the Indenture.

In addition to Basic Rent, the County shall pay any Additional Rent required to be paid pursuant to the Lease, or, if such payment cannot be made from legally available funds, as soon thereafter as funds can be made legally available after receipt of written notice thereof given to the County by the PBC.

The County covenants and agrees with and for the express benefit of the PBC and the Owners that all payments of Basic Rent and Additional Rent shall be made by the County as the same become due, and that the County shall perform all of its obligations, covenants and agreements under the Lease without notice or demand and without abatement, deduction, setoff, counterclaim, recoupment or defense or any right of termination or cancellation arising from any circumstance whatsoever, whether now existing or hereafter arising. Nothing in the Lease shall be construed as a waiver by the County of any rights or claims the County may have against the PBC under the Lease or otherwise, but any recovery upon such rights and claims shall be had from the PBC separately, it being the intent of the Lease that the County shall be unconditionally and absolutely obligated to perform fully all of its obligations, agreements and covenants under the Lease (including the obligation to pay Basic Rent and Additional Rent) for the benefit of the Owners.

Payment of Improvement Costs

The PBC agrees to pay for the acquisition, construction and equipping of the Improvements, or any repairs or replacements to be made pursuant to the Lease, but solely from the Construction Fund, from time to time in accordance with the provisions of the Indenture. The PBC agrees to cause the acquisition and construction of the Improvements to be diligently and continuously prosecuted and to be completed with reasonable dispatch substantially in accordance with the Construction Contracts and the plans and specifications therefor.

Completion of the Improvements

Upon completion of the Improvements, the PBC shall deliver a Certificate of Completion signed by the Authorized PBC Representative to the Trustee. In the event funds remain on hand in the Construction Fund on the date the Certificate of Completion is received by the Trustee, such remaining funds shall be transferred to the Trustee to be deposited into the Principal and Interest Fund and shall be applied in accordance with the provisions of the Indenture.

Facility Property of the PBC

All Improvements to or constituting part of the Facility, all work and materials on such Improvements as such work progresses, any Facility Additions, anything under the Lease which becomes, is deemed to be, or constitutes a part of the Facility, and the Facility as repaired, rebuilt, rearranged, restored or replaced by the County under the provisions of the Lease, except as otherwise specifically provided in the Lease, will immediately when erected or installed become the property of the PBC, subject to the Base Lease.

Environmental Matters

The County acknowledges that is it responsible for maintaining the Facility in compliance with all applicable Environmental Laws. In the event that the County does not expeditiously proceed with any compliance action with respect to the Facility lawfully required by any local, state or federal authority under applicable Environmental Law, the PBC, immediately after notice to the County, may elect (but may not be required) to undertake such compliance. Any moneys expended by the PBC in efforts to comply with any applicable Environmental Law (including the cost of hiring consultants, undertaking sampling and testing, performing any cleanup necessary or useful in the compliance process and attorneys' fees) shall be due and payable as Additional Rent under the Lease.

To the extent permitted by law, the County shall and does indemnify the PBC and the Owners and agrees to defend and hold them harmless from and against all loss, cost, damage and expense (including, without limitation, attorneys' fees and costs associated with or incurred in the investigation, defense and settlement of claims) that they may incur, directly or indirectly, as a result of or in connection with the assertion against them or any of them of any claim relating to the presence on, escape or removal from the Facility of any hazardous substance or other material regulated by any applicable Environmental Law, or compliance with any applicable Environmental Law, whether before, during or after the term of the Lease, including claims relating to personal injury or damage to property.

Insurance

The Sublease provides that the Library Board shall be required to maintain in full force and effect the following policies of insurance; provided, however, that to the extent that such insurance is not provided by the Library Board, the County shall be required to provide such insurance policies:

(a) Commercial general liability insurance insuring against claims for bodily injury, personal injury and property damage occurring in or about the Facility, in an amount not less than the then maximum liability of a governmental entity for claims arising out of a single occurrence as provided by the Kansas Tort Claims Act or other similar future law (currently $500,000 per occurrence).

(b) Workers' compensation insurance in accordance with statutory law.

(c) Property insurance insuring the Facility for perils covered by a special causes of loss form in an amount equal to the Full Insurable Value of the Facility.

(d) With regard to new buildings and improvements constituting a part of the Facility, performance and labor and material payment bonds and statutory bonds (with sureties approved by the PBC) with respect to the applicable Construction Contracts in the full amount of such Construction Contracts.

Title Insurance

The County shall purchase, or cause the Library Board to purchase, from the Construction Fund or from the County's or the Library Board's own funds, a policy of owner's title insurance, insuring fee simple title to the Facility in the Library Board, subject to the Base Lease, the Lease, the Sublease and the permitted encumbrances described in the Lease, in an amount not less than the total principal amount of the Bonds issued to finance the Improvements. The PBC and the County agree that any and all proceeds from such insurance during the Basic Term (a) if received before the completion of the Improvements shall be paid into and become a part of the Construction Fund, (b) if received thereafter but before the Bonds and interest thereon have been paid in full, shall be paid into and become a part of the Principal and Interest Payment Fund and (c) if received after the Bonds, redemption premium, if any, and interest thereon have been paid in full, shall belong and be paid to the Library Board.

Impositions

The County shall, during the Term of the Lease, bear, pay and discharge, before the delinquency thereof, any and all Impositions. In the event any Impositions may be lawfully paid in installments, the County shall be required to pay only such installments thereof as become due and payable during the Term of the Lease as and when the same become due and payable.

PBC May Not Sell

The PBC covenants that, unless the County is in Default under the Lease it will not, without County's written consent, unless required by law, sell or otherwise part with or encumber its leasehold interest in the Facility at any time during the Term of the Lease.

Use of Facility

Subject to the provisions of the Lease, the County shall have the right to use the Facility for any and all purposes allowed by law and contemplated by the constitution of the State and the Act, as long as they are consistent with the Code limitations on use of property purchased with original proceeds of the Tax-Exempt Bonds. The County shall comply with all statutes, laws, ordinances, resolutions, orders, judgments, decrees, regulations, directions and requirements of all federal, state, local and other governments or governmental authorities, now or hereafter applicable to the Facility or to any adjoining public ways, as to the manner of use or the condition of the Facility or of adjoining public ways.

Sublease by the County

The County is entering into the Sublease of the Facility to the Library Board in exchange for Sublease payments sufficient to provide funds to the County to pay the County's payments of Basic Rent under the Lease, and the PBC consents to the execution and delivery of the Sublease. The Library Board will pay operation and maintenance expenses of the Facility and will use and operate the Facility.

Other than the Sublease, the County may not sublease the Facility to a single party or entity, without the prior written consent of the PBC. The County or the Library Board may sublease portions of the Facility for use by others in the normal course of its business without the PBC's prior consent or approval provided such sublease does not adversely affect the exclusion from gross income for federal income tax purposes of interest on the

Bonds. Any such subtenant must be an entity permitted to be a tenant under the provisions of the Act. In the event of any such subleasing, the County shall remain fully liable for the performance of its duties and obligations under the Lease, and no such subleasing and no dealings or transactions between the PBC and any such subtenant shall relieve the County of any of its duties and obligations under the Lease. Any such sublease shall be subject and subordinate in all respects to the provisions of the Lease.

Assignment by the County

The County may not assign its interest in the Lease without the prior written consent of the PBC. Any such assignment must in furtherance of the purposes set forth in the Act and must be to an entity authorized to be a tenant in accordance with the Act, and such assignment shall not adversely affect the tax-exempt status of interest on the Tax-Exempt Bonds. In the event of any such assignment, the County shall remain fully liable for the performance of its duties and obligations under the Lease, except to the extent hereinafter provided, and no such assignment and no dealings or transactions between the PBC and any such assignee shall relieve the County of any of its duties and obligations under the Lease, except as may be otherwise provided in the following paragraph.

If, in connection with an assignment by the County of its interest in the Lease: (a) the PBC and the Owners of ninety percent (90%) in aggregate principal amount of the Outstanding Bonds (including any Additional Bonds) shall file with the PBC their prior written consent to such assignment; and (b) the proposed assignee shall expressly assume and agree to perform all of the obligations of the County under the Lease; then the County shall be fully released from all obligations under the Lease accruing after the date of such assignment.

The County will not assign or in any manner transfer its interests under the Lease, nor will it suffer or permit any assignment thereof by operation of law, except in accordance with the limitations, conditions and requirements set forth in the Lease.

Repairs and Maintenance

The County covenants and agrees that it will, during the Term of the Lease, keep and maintain the Facility and all parts thereof in good condition and repair, including but not limited to the furnishing of all parts, mechanisms and devices required to keep the furnishings, equipment and personal property constituting a part of the Facility in good mechanical and working order, and that during said period of time it will keep the Facility and all parts thereof free from nuisance or conditions unreasonably increasing the danger of fire.

Removal, Disposition and Substitution of Equipment, Fixtures or Furnishings

The County shall have the right, provided the County is not in default in the payment of Basic Rent and Additional Rent, to remove and sell (at not less than fair market value) or otherwise dispose of any equipment, fixtures or furnishings that constitute a part of the Facility and are no longer used by the County or the Library Board or, in the opinion of the County, are no longer useful to the County or the Library Board in its operations of the Facility (whether by reason of obsolescence, depreciation or otherwise), subject, however, to the condition that the County shall either (a) promptly replace any such equipment, fixtures or furnishings so removed with fixtures or furnishings of the same or a different kind but which performs the same function as the equipment, fixtures or furnishings so removed, and the equipment, fixtures or furnishings so acquired by the County to replace such equipment, fixtures or furnishings thereafter shall be deemed a part of the Facility, or (b) deposit the proceeds from such sale in the Principal and Interest Fund; and provided further that such equipment, furnishings and fixtures shall only be disposed of without a sale if, in the reasonable opinion of the County, such item or items has a resell value of less than $5,000.

All equipment, fixtures or furnishings constituting a part of the Facility and removed by the County pursuant to this section shall become the absolute property of the County, shall no longer be subject to the Base Lease or the Lease, and may be sold or otherwise disposed of by the County subject to the requirements of this section. In all cases, the County shall pay all the costs and expenses of any such removal and shall immediately repair at its expense all damage caused thereby. The County's rights under this section to remove equipment, fixtures or furnishings constituting a part of the Facility is intended only to permit the County and the Library

Board to maintain an efficient operation by the removal of such furnishings or equipment no longer suitable to the County's or the Library Board's use for any of the reasons set forth in this section, and such right is not to be construed to permit a removal under any other circumstances and shall not be construed to permit the wholesale removal of such equipment, fixtures or furnishings by the County.

Alteration of Facility

The County shall have the right, at its sole cost and expense, to make such changes and alterations in and to any part of the Facility as the County from time to time may deem necessary or advisable without the consent of the PBC; provided, however, the County shall not make any major change or alteration which will adversely affect the intended use or structural strength of any part of the Facility. All changes and alterations made by the County pursuant to the authority of the Lease shall (a) be made in a workmanlike manner and in strict compliance with all laws, regulations and ordinances applicable thereto, (b) when commenced, be prosecuted to completion with due diligence, and (c) when completed, shall be deemed a part of the Facility and subject to the Base Lease; provided, however, that additions of fixtures, furnishings or personal property of the County, not purchased or acquired from proceeds of the Bonds and not constituting a part of the Facility shall remain the separate property of the County and may be removed by the County at any time.

Additional Improvements

The County shall have and is given the right, at its sole cost and expense, to construct on the Land or within areas occupied by the Facility, or in airspace above the Facility, such additional buildings and improvements as the County from time to time may deem necessary or advisable. All additional buildings and improvements constructed by the County pursuant to the authority of the Lease shall, during the Term, remain the property of the County and may be added to, altered or razed and removed by the County at any time during the Term of the Lease. The County covenants and agrees (a) to make all repairs and restorations, if any, required to be made to the Facility because of the construction of, addition to, alteration or removal of, said additional buildings or improvements, (b) to keep and maintain said additional buildings and improvements in good condition and repair, ordinary wear and tear excepted, and (c) to promptly and with due diligence either raze and remove from the Land, in a good, workmanlike manner, or repair, replace or restore such of said additional buildings or improvements as may from time to time be damaged by fire or other casualty.

Liability

Subject to the Lease, the provisions of the Kansas Tort Claims Act and other applicable law, the County accepts all responsibility relating to the operation, maintenance and repair of the Facility during the Basic Term and agrees that the PBC shall not have any liability therefor.

Quiet Enjoyment and Possession

So long as no Event of Default has occurred and is continuing under the Lease, the County shall and may peaceably and quietly have, hold and enjoy the Facility.

Option to Purchase the Facility

Subject to the provisions of the Lease, the County shall have the option to purchase the PBC's entire interest in the Facility (*i.e*., the PBC's rights in the Base Lease), for the benefit of the Library Board, at any time during the Term of the Lease and for 120 days thereafter. The County shall exercise its option by giving the PBC written notice of the County's election to exercise its option specifying the date, time and place of closing, which date (the "Closing Date") shall not be earlier than 30 days or later than 180 days after the notice is given.

Provided no Event of Default shall have happened and be continuing, the County shall have the option to purchase the PBC's interest in one or more discrete portions (but not all) of the Facility, upon receipt of a certificate from the Trustee that all Basic Rent attributable to that portion of the Facility has been paid in full, and that all allocable Bonds have been paid in full or defeased pursuant to the terms of the Indenture.

The County shall exercise its option by giving the PBC written notice of the County's election to exercise its option specifying (1) the discrete portion of the Facility that the County wishes to purchase and (2) the Closing Date, which Closing Date shall not be earlier than 30 days or later than 180 days after the notice is given.

If notice of election to purchase is given, the PBC shall sell its interest in and to all or such discrete portion of the Facility as specified in the notice to the County, for the benefit of the Library Board, and shall convey its interest in and to the all or such discrete portion of Facility specified in the notice to the Library Board, on the Closing Date, free and clear of all liens and encumbrances except: (a) those to which the title was subject on the date of execution of the Base Lease, or to which title became subject with the County's written consent, or which resulted from any failure of the County to perform any of its covenants or obligations under the Lease; (b) taxes and assessments, general and special, if any; and (c) the rights of any party having condemned or who is attempting to condemn title to, or the use for a limited period of, all or any part of the Facility, for the price and sum as follows (which the County shall pay in cash at the time of delivery of PBC's deed or other instrument or instruments of transfer to all or such discrete portion of the Facility as specified in the notice to the County as provided in the Lease):

(1) The full amount which is required to provide the PBC with funds sufficient, in accordance with the provisions of the Indenture, to pay at maturity or to redeem and pay in full (A) the principal of all of the Outstanding Bonds allocable to such portion or portions of the Facility so purchased, (B) all interest due thereon to date of maturity or redemption, whichever first occurs, and (C) all costs, expenses and premiums incident to the redemption and payment of said Bonds in full, plus

(2) $l00.00.

Nothing in the Lease shall release or discharge the County from its duty or obligation under the Lease to make any payment of Basic Rent or Additional Rent which, in accordance with the terms of the Lease, becomes due and payable prior to the Closing Date, or its duty and obligation to fully perform and observe all covenants and conditions stated in the Lease to be performed and observed by the County prior to the Closing Date. Furthermore, to the extent that the County exercises its option to purchase discrete portions, but not all, of the Facility, nothing in the Lease shall release or discharge the County from any remaining duties or obligations under this Lease related to those portions of the Facility not purchased.

On the Closing Date the PBC shall deliver to the Library Board its appropriate instrument or instruments of conveyance or assignment, properly executed and conveying its interest in all or such discrete portion of the Facility to the Library Board free and clear of all liens and encumbrances of the PBC or the Owners, and the County shall pay the full purchase price for all or such discrete portion of the Facility as follows: (a) the amount specified in clause (1) of the preceding section shall be deposited in the Principal and Interest Fund and be used to pay or redeem the Bonds and the interest thereon as provided in the Indenture, and (b) the amount specified in clause (2) of the preceding section shall be paid to the PBC; provided, however, nothing in the Lease shall require the PBC to deliver its appropriate instrument or instruments of assignment or conveyance to the Library Board until after all duties and obligations of the County under the Lease to the date of such delivery have been fully performed and satisfied.

Damage and Destruction

If, during the Term, the Facility is damaged or destroyed, in whole or in part, by fire or other casualty, the County shall promptly notify the PBC and the Trustee in writing as to the nature and extent of such damage or loss and whether it is practicable and desirable to rebuild, repair, restore or replace such damage or loss.

If the County determines that rebuilding, repairing, restoring or replacing the Facility is practicable and desirable, the County shall forthwith proceed with and complete with reasonable dispatch such rebuilding, repairing, restoring or replacing. In such case, any Net Proceeds of property and/or casualty insurance required by the Lease and received with respect to any such damage or loss to the Facility shall be deposited in the Construction Fund and shall be used and applied for the purpose of paying the cost of such rebuilding, repairing, restoring or replacing such damage or loss. Any amount remaining in the Construction Fund after such rebuilding, repairing, restoring or replacing shall be deposited into the Principal and Interest Fund and used to pay or redeem the Bonds and the interest thereon as provided in the Indenture.

If the County determines that rebuilding, repairing, restoring or replacing the Facility is not practicable and desirable, any Net Proceeds of casualty insurance required by the Lease and received with respect to any such damage or loss to the Facility shall be paid into the Principal and Interest Fund.

The County shall not, by reason of its inability to use all or any part of the Facility during any period in which the Facility is damaged or destroyed, or is being repaired, rebuilt, restored or replaced nor by reason of the payment of the costs of such rebuilding, repairing, restoring or replacing, be entitled to any reimbursement or any abatement or diminution of the Basic Rent or Additional Rent payable by the County under the Lease nor of any other obligations of the County under the Lease except as expressly provided in the Lease.

Condemnation

If, during the Term title to, or the temporary use of, all or any part of the Facility shall be condemned by any authority exercising the power of eminent domain, the County shall, within 90 days after the date of entry of a final order in any eminent domain proceedings granting condemnation, notify the PBC and the Trustee in writing as to the nature and extent of such condemnation and whether it is practicable and desirable to acquire or construct facilities to substitute for the Facility, or portion thereof.

If the County determines that such substitution is practicable and desirable, the County shall forthwith proceed with and complete with reasonable dispatch the acquisition or construction of such substitute facilities. In such case, any Net Proceeds received from any award or awards with respect to the Facility or any part thereof made in such condemnation or eminent domain proceeds shall be deposited in the Construction Fund and shall be used and applied for the purpose of paying the cost of such substitution. Any amount remaining in the Construction Fund after such acquisition or construction shall be deposited into the Principal and Interest Fund and used to pay or redeem the Bonds and the interest thereon as provided in the Indenture.

If the County determines that it is not practicable and desirable to acquire or construct substitute facilities, any Net Proceeds of condemnation awards received by the County shall be paid into the Principal and Interest Fund.

The County shall not, by reason of its inability to use all or any part of the Facility during any such period of restoration or acquisition nor by reason of the payment of the costs of such restoration or acquisition, be entitled to any reimbursement or any abatement or diminution of the Basic Rent or Additional Rent payable by the County under the Lease nor of any other obligations under the Lease except as expressly provided in this Section.

Effect of the County's Default

Anything in the Lease to the contrary notwithstanding, the PBC and the Trustee shall have the right at any time and from time to time to withhold payment of all or any part of the Net Proceeds from the Construction Fund attributable to damage, destruction or condemnation of the Facility to the County or any third party if an Event of Default has occurred and is continuing, or the Trustee has given notice to the County of an Event of Default which, with the passage of time, will become an Event of Default. In the event the County cures any Default specified in the Lease, the Trustee may make payments from the Net Proceeds to the County in accordance with the provisions of the Lease. However, if the Lease is terminated or the PBC or the Trustee otherwise re-enters and takes possession of the Facility without terminating the Lease, the PBC and the Trustee shall pay all the Net Proceeds held by them into the Principal and Interest Fund and all rights of the County in and to such Net Proceeds shall cease.

Remedies on Default

Whenever any Event of Default shall have happened and be continuing, the Trustee (acting on behalf of the PBC) may take any one or more of the following remedial actions:

(a) Give the County written notice of intention to terminate the Lease on a date specified therein, which date shall not be earlier than 30 days after such notice is given and, if all Events of Default have not then been cured on the date so specified, the County's rights to possession of the Facility shall cease, and the Lease shall thereupon be deemed terminated, and the PBC may re-enter and take possession of the Facility; or

(b) Without terminating the Term thereof, or the Lease, conduct inspections or an environmental assessment of the Facility as provided in the Lease, and re-enter the Facility or take possession thereof pursuant to legal proceedings or any notice provided for by law and the Lease. The PBC may refuse to re-enter or take possession of the Facility if it has reasonable cause for such refusal. "Reasonable cause" shall include the presence on the Facility of conditions which are in violation of any Environmental Law or the existence or threat of a remedial action against the County under any Environmental Law resulting from conditions on the Facility.

Having elected to re-enter or take possession of the Facility without terminating the Term or the Lease, the PBC shall use reasonable diligence to relet the Facility, or parts thereof, subject to the Base Lease, for such term or terms and at such rental and upon such other terms and conditions as are deemed advisable, with the right to make alterations and repairs to the Facility, and no such re-entry or taking of possession of the Facility shall be construed as an election to terminate the Lease, and no such re-entry or taking of possession shall relieve the County of its obligation to pay Basic Rent or Additional Rent (at the time or times provided in the Lease), or of any of its other obligations under the Lease, all of which shall survive such re-entry or taking of possession. The County shall continue to pay the Basic Rent and Additional Rent provided for in the Lease until the end of the Term, whether or not the Facility shall have been relet, less the net proceeds, if any, of reletting the Facility.

Having elected to re-enter or take possession of the Facility pursuant to subsection (b) above, the PBC may (subject, however, to any restrictions against termination of the Lease in the Indenture or the Base Lease), by notice to the County given at any time thereafter while the County is in default in the payment of Basic Rent or Additional Rent or in the performance of any other obligation under the Lease, elect to terminate the Lease in accordance with subsection (a) above and thereafter proceed to sell its interest in the Facility subject to the Base Lease.

If, in accordance with any of the foregoing provisions of the Lease, the PBC shall have the right to elect to re-enter and take possession of the Facility, the PBC may enter and expel the County and those claiming through or under the County and remove the property and effects of both or either by all lawful means without being guilty of any manner of trespass and without prejudice to any remedies for arrears of Basic Rent or Additional Rent or preceding breach of covenant.

All Basic Rent recovered from the County and the net proceeds of any re-letting or sale of the Facility shall be deposited in the Principal and Interest Fund and applied by the PBC as set forth in the Indenture. For purposes of this paragraph, "net proceeds" means the receipts obtained from reletting or sale after deducting all expenses incurred in connection with such reletting or sale, including without limitation, all repossession costs, brokerage commissions, legal fees and expenses, expenses of employees, alteration costs and expenses of preparation of the Facility for reletting or sale.

Survival of Obligations

The County covenants and agrees with the PBC and the Owners that until all the Bonds and the interest thereon and redemption premium, if any, are paid in full or provision made for the payment thereof in accordance with the Indenture, its obligations under the Lease shall survive the cancellation and termination of the Lease, for any cause, and that the County shall continue to be obligated to pay Basic Rent and Additional Rent (reduced by any net income the PBC may receive from the Facility after such termination) and perform all other obligations provided for in the Lease, all at the time or times provided in the Lease.

No Remedy Exclusive

No remedy conferred in the Lease upon or reserved to the PBC is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under the Lease or now or hereafter existing at law or in equity or by statute, subject to the provisions of the Indenture. No delay or omission to exercise any right or power accruing upon any Event of Default shall impair any such right or power, or shall be construed to be a waiver thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient.

Performance of the County's Obligations by the PBC

If the County shall fail to keep or perform any of its obligations as provided in the Lease, then the PBC may (but shall not be obligated to do so) upon the continuance of such failure on the County's part for 90 days after notice of such failure is given the County by the PBC or the Trustee and without waiving or releasing the County from any obligation under the Lease, as an additional but not exclusive remedy, make any such payment or perform any such obligation, and the County shall reimburse the PBC for all sums so paid by the PBC and all necessary or incidental costs and expenses incurred by the PBC in performing such obligations through payment of Additional Rent.

Net Lease

The PBC and the County agree that: (a) the Lease is intended to be a net lease; (b) the payments of Basic Rent and Additional Rent are designed to provide the PBC with funds adequate in amount to pay all principal of and interest on all Bonds as the same become due and payable and to pay and discharge all of the other duties and requirements set forth in the Lease; and (c) to the extent that the payments of Basic Rent and Additional Rent are not adequate to provide the PBC with funds sufficient for the purposes aforesaid, the County shall be obligated to pay, and it does covenant and agree to pay, upon demand therefor, as Additional Rent, such further sums of money as may from time to time be required for such purposes.

Rights and Remedies

The rights and remedies reserved by the PBC and the County under the Lease and those provided by law shall be construed as cumulative and continuing rights. No one of them shall be exhausted by the exercise thereof on one or more occasions. The PBC and the County shall each be entitled to specific performance and injunctive or other equitable relief for any breach or threatened breach of any of the provisions of the Lease, and each party waives the right to raise such defense in any proceeding in equity.

Waiver of Breach

No waiver of any breach of any covenant or agreement contained in the Lease shall operate as a waiver of any subsequent breach of the same covenant or agreement or as a waiver of any breach of any other covenant or agreement, and in case of a breach by either party of any covenant, agreement or undertaking, the nondefaulting party may nevertheless accept from the other any payment or payments or performance under the Lease without in any way waiving its right to exercise any of its rights and remedies provided for in the Lease or otherwise with respect to any such default or defaults which were in existence at the time such payment or payments or performance were accepted by it.

Amendments

The Lease may be amended, changed or modified in the following manner:

(a) With respect to an amendment, change or modification which reduces the Basic Rent or Additional Rent, or any amendment which reduces the percentage of Owners whose consent is required for any such amendment, change or modification, by an agreement in writing executed by the PBC and the County and consented to in writing by the Owners of l00% of the aggregate principal amount of the Bonds then Outstanding.

(b) With respect to any other amendment, change or modification which will materially adversely affect the security or rights of the Owners, by an agreement in writing executed by the PBC and the County and consented to in writing by the Owners of a majority in aggregate principal amount of the Bonds then Outstanding; provided that a modification to the description of the Land attached to the Lease to conform to actual legal descriptions of the components of the Land may be accomplished with an addendum executed by the PBC and the County without the consent of the Owners.

(c) With respect to all other amendments, changes, or modifications, by an agreement in writing executed by the PBC and the County.

THE SUBLEASE

Grant of Leasehold

The County rents, leases and lets to the Library Board, and the Library Board rents, leases and hires from the County, the Facility for the Term, for the rentals and upon and subject to the terms and conditions set forth in the Sublease.

Term

The Original Term will commence on November 25, 2014 and will terminate on the last day of the Library Board's current fiscal year. The Term may be continued, at the option of the Library Board, at the end of the Original Term or any Renewal Term for an additional one year Renewal Term up to the Maximum Term. At the end of the Original Term and at the end of each Renewal Term until the Maximum Term has been completed, the Library Board will be deemed to have exercised its option to continue the Sublease for the next Renewal Term unless the Library Board has terminated the Sublease pursuant to the Sublease.

The Library Board currently intends, subject to the provisions of the Sublease**,** to continue the Sublease through the Maximum Term and to pay the Rental Payments due thereunder. The Library Board reasonably believes that legally available funds in an amount sufficient to pay all Rental Payments during the Original Term and each of the Renewal Terms through the Maximum Term can be obtained. The responsible financial officer of the Library Board will do all things lawfully within his power to obtain and maintain funds from which the Rental Payments may be made, including making provision for such Rental Payments to the extent necessary in each proposed annual budget submitted for approval in accordance with applicable procedures of the Library Board and the County and to exhaust all available reviews and appeals in the event such portion of the budget is not approved. Notwithstanding the foregoing, the decision to budget and appropriate funds or to extend the Sublease for any Renewal Term is to be made in accordance with the Library Board and County's normal procedures for such decisions, and the then current governing bodies of the Library Board and the County will have the final responsibility for that decision.

Termination of Sublease

The Sublease will terminate upon the occurrence of the following:

(a) the expiration of the Original Term or any Renewal Term of the Sublease and the nonrenewal of the Sublease in the event of nonappropriation of funds pursuant to the Sublease; *or*

(b) (i) all Rental Payments that the Library Board is obligated under the Sublease to pay during the Term have been paid to the County in full;

(ii) the Library Board has made arrangements which, in the opinion of the County, are adequate to comply with the PBC's obligations to pay any arbitrage rebate to the United States; *and*

(iii) all of the principal of, redemption premium, if any, and interest on all Outstanding Bonds shall have been paid in full or provision made for their payment in accordance with the provisions of the Indenture.

(c) the Lease has terminated according to its terms.

Nonappropriation

The Library Board is obligated only to pay such Rental Payments under the Sublease as may lawfully be made from funds budgeted and appropriated for that purpose during the Library Board's then current fiscal year. Should the Library Board and the County fail to budget, appropriate or otherwise make available funds of the Library Board sufficient to pay Rental Payments following the then current Original Term or Renewal Term, the Sublease will be deemed terminated at the end of the then current Original Term or Renewal Term. The Library Board agrees to deliver notice to the County, the PBC and the Trustee of such termination at least 90 days prior to the end of the then current Original Term or Renewal Term, but failure to give such notice will not extend the term beyond such Original Term or Renewal Term. If the Sublease is terminated in accordance with this paragraph, the Library Board agrees to transfer possession of the Facility to the County.

Rental Payments

The Library Board covenants and agrees to pay Basic Rent in immediately available funds, less Basic Rent Credits, on each Basic Rent Payment Date. Unless otherwise directed by the County, such payments shall be made directly to the Trustee for deposit in accordance with the provisions of the Indenture into the Principal and Interest Fund, to be applied by the Trustee in the manner and for the purposes set forth in the Indenture.

In addition to Basic Rent, the Library Board shall pay, subject to the provisions of the Sublease, any Additional Rent required to be paid pursuant to the Sublease, or, if such payment cannot be made from legally available funds, as soon thereafter as funds can be made legally available after receipt of written notice thereof given to the Library Board by the County.

The obligation of the Library Board to pay Rental Payments is subject to the provisions described under the caption "THE SUBLEASE – Nonappropriation") above, constitutes a current expenses of the Library Board and does not constitute a general obligation or indebtedness of the Library Board for which the Library Board is obligated to levy or pledge any form of taxation or for which the Library Board has levied or pledged any form of taxation; such obligation will not be construed to be a debt of the Library Board in contravention of any applicable constitutional or statutory limitation or requirement, but in each fiscal year will be payable solely from the amounts budgeted or appropriated therefor out of the income and revenue provided for such fiscal year, any proceeds of the Facility and the Net Proceeds of any insurance or condemnation awards.

Subject to the provisions of the Sublease, the Library Board covenants and agrees with and for the express benefit of the County, the PBC and the Owners that all payments of Basic Rent and Additional Rent shall be made by the Library Board as the same become due, and that the Library Board shall perform all of its obligations, covenants and agreements under the Sublease without notice or demand and without abatement, deduction, setoff, counterclaim, recoupment or defense or any right of termination or cancellation arising from any circumstance whatsoever, whether now existing or hereafter arising. Nothing in the Sublease shall be construed as a waiver by the Library Board of any rights or claims the Library Board may have against the County under the Sublease or otherwise, but any recovery upon such rights and claims shall be had from the County separately, it being the intent of the Sublease that, subject to the provisions of the Sublease, the Library Board shall be unconditionally and absolutely obligated to perform fully all of its obligations, agreements and covenants under the Sublease (including the obligation to pay Basic Rent and Additional Rent) for the benefit of the Owners.

Facility Property of the PBC

All Improvements to or constituting part of the Facility, all work and materials on such Improvements as such work progresses, any Facility Additions, anything under the Sublease which becomes, is deemed to be, or constitutes a part of the Facility, and the Facility as repaired, rebuilt, rearranged, restored or replaced by the County or the Library Board under the provisions of the Lease or the Sublease, except as otherwise specifically provided in the Sublease, will immediately when erected or installed become the property of the PBC, subject to the Base Lease.

Use of Facility

Subject to the provisions of the Sublease, the Library Board shall have the right to use the Facility for any and all purposes allowed by law and contemplated by the constitution of the State and the Act, as long as they are consistent with the Code limitations on use of property purchased with original proceeds of the Tax-Exempt Bonds. The Library Board shall comply with all statutes, laws, ordinances, resolutions, orders, judgments, decrees, regulations, directions and requirements of all federal, state, local and other governments or governmental authorities, now or hereafter applicable to the Facility or to any adjoining public ways, as to the manner of use or the condition of the Facility or of adjoining public ways.

Sublease by the Library Board

The Library Board may not sublease the Facility to a single party or entity, without the prior written consent of the County and the PBC. The Library Board may sublease portions of the Facility for use by others in the normal course of its business without the County's or the PBC's prior consent or approval provided such sublease does not adversely affect the tax-exempt status of interest on the Tax-Exempt Bonds. Any such subtenant must be an entity permitted to be a tenant under the provisions of the Act. In the event of any such subleasing, the Library Board shall remain fully liable for the performance of its duties and obligations under the Sublease, and no such subleasing and no dealings or transactions between the County or the PBC and any such subtenant shall relieve the Library Board of any of its duties and obligations under the Sublease. Any such sublease shall be subject and subordinate in all respects to the provisions of the Sublease.

Assignment by the Library Board

The Library Board may not assign its interest in the Sublease without the prior written consent of the County and the PBC. Any such assignment must in furtherance of the purposes set forth in the Act and must be to an entity authorized to be a tenant in accordance with the Act, and such assignment shall not adversely affect the tax-exempt status of interest on the Tax-Exempt Bonds. In the event of any such assignment, the Library Board shall remain fully liable for the performance of its duties and obligations under the Sublease, except to the extent provided in the Sublease, and no such assignment and no dealings or transactions between the County or the PBC and any such assignee shall relieve the Library Board of any of its duties and obligations under the Sublease, except as may be otherwise provided in the following paragraph.

If, in connection with an assignment by the Library Board of its interest in the Sublease: (a) the County, the PBC and the Owners of ninety percent (90%) in aggregate principal amount of the Outstanding Bonds (including any Additional Bonds) shall file with the County and the PBC their prior written consent to such assignment; and (b) the proposed assignee shall expressly assume and agree to perform all of the obligations of the Library Board under the Sublease; then the Library Board shall be fully released from all obligations accruing under the Sublease after the date of such assignment.

The Library Board will not assign or in any manner transfer its interests under the Sublease, nor will it suffer or permit any assignment thereof by operation of law, except in accordance with the limitations, conditions and requirements set forth in the Sublease.

Quiet Enjoyment and Possession

So long as no Event of Default has occurred and is continuing under the Sublease, the Library Board shall and may peaceably and quietly have, hold and enjoy the Facility.

County's Option to Purchase the Facility

In the event that the County purchases all or a discrete portion of the PBC's interest in the Facility in accordance with the Lease, such portion(s) of the County's interest in the Base Lease shall be considered assigned to the Library Board and terminated through merger of the leasehold interest with the fee interest.

Remedies on Default

Whenever any Event of Default shall have happened and be continuing, the County may take any one or more of the following remedial actions:

(a) Give the Library Board written notice of intention to terminate the Sublease on a date specified therein, which date shall not be earlier than 30 days after such notice is given and, if all Events of Default have not then been cured on the date so specified, the Library Board's rights to possession of the Facility shall cease, and the Sublease shall thereupon be deemed terminated, and the County may re-enter and take possession of the Facility; or

(b) Without terminating the Term hereof, or the Sublease, conduct inspections or an environmental assessment of the Facility as provided in the Lease, and re-enter the Facility or take possession thereof pursuant to legal proceedings or any notice provided for by law and the Sublease. The County may refuse to re-enter or take possession of the Facility if it has reasonable cause for such refusal. "Reasonable cause" shall include the presence on the Facility of conditions which are in violation of any Environmental Law or the existence or threat of a remedial action against the Library Board under any Environmental Law resulting from conditions on the Facility.

Having elected to re-enter or take possession of the Facility without terminating the Term or the Sublease, the County shall use reasonable diligence to relet the Facility, or parts thereof, subject to the Base Lease and the Lease, for such term or terms and at such rental and upon such other terms and conditions as are deemed advisable, with the right to make alterations and repairs to the Facility, and no such re-entry or taking of possession of the Facility shall be construed as an election to terminate the Sublease, and no such re-entry or taking of possession shall relieve the Library Board of its obligation to pay Basic Rent or Additional Rent (at the time or times provided in the Sublease), or of any of its other obligations under the Sublease, all of which shall survive such re-entry or taking of possession. The Library Board shall continue to pay the Basic Rent and Additional Rent provided for in the Sublease until the end of the Term, whether or not the Facility shall have been relet, less the net proceeds, if any, of reletting the Facility.

Having elected to re-enter or take possession of the Facility pursuant to subsection (b) above, the County may (subject, however, to any restrictions against termination of the Sublease in the Indenture, the Base Lease or the Lease), by notice to the Library Board given at any time thereafter while the Library Board is in default in the payment of Basic Rent or Additional Rent or in the performance of any other obligation under the Sublease, elect to terminate the Sublease in accordance with subsection (a) above and thereafter proceed to sell its interest in the Facility subject to the Base Lease and the Lease.

If, in accordance with any of the foregoing provisions of the Sublease, the County shall have the right to elect to re-enter and take possession of the Facility, the County may enter and expel the Library Board and those claiming through or under the Library Board and remove the property and effects of both or either by all lawful means without being guilty of any manner of trespass and without prejudice to any remedies for arrears of Basic Rent or Additional Rent or preceding breach of covenant.

All Basic Rent recovered from the Library Board and the net proceeds of any re-letting or sale of the Facility shall be deposited by the County in the Principal and Interest Fund and applied by the PBC as set forth in the Indenture. For purposes of this paragraph, "net proceeds" means the receipts obtained from reletting or sale after deducting all expenses incurred in connection with such reletting or sale, including without limitation, all repossession costs, brokerage commissions, legal fees and expenses, expenses of employees, alteration costs and expenses of preparation of the Facility for reletting or sale.

Survival of Obligations

The Library Board covenants and agrees with the County, the PBC and the Owners that until all the Bonds and the interest thereon and redemption premium, if any, are paid in full or provision made for the payment thereof in accordance with the Indenture, its obligations under the Sublease shall survive the cancellation and termination of the Sublease, for any cause, and that the Library Board shall continue to be obligated to pay Basic Rent and Additional Rent (reduced by any net income the County or the PBC may receive from the Facility after such termination) and perform all other obligations provided for in the Sublease, all at the time or times provided in the Sublease.

Net Lease

The County and the Library Board agree that: (a) the Sublease is intended to be a net lease; (b) the payments of Basic Rent and Additional Rent are designed to provide the County with funds adequate in amount to pay the County's payments of Basic Rent and Additional Rent under the Lease as the same become due and payable and to pay and discharge all of the other duties and requirements set forth in the Sublease; and (c) to the extent that the payments of Basic Rent and Additional Rent are not adequate to provide the County with funds sufficient for the purposes aforesaid, the Library Board shall be obligated to pay, and it does hereby covenant and agree to pay, upon demand therefor, as Additional Rent, such further sums of money as may from time to time be required for such purposes.

Amendments

The Sublease may be amended, changed or modified in the following manner:

(a) With respect to an amendment, change or modification which reduces the Basic Rent or Additional Rent, or any amendment which reduces the percentage of Owners whose consent is required for any such amendment, change or modification, by an agreement in writing executed by the County and the Library and consented to in writing by the PBC and the Owners of l00% of the aggregate principal amount of the Bonds then Outstanding.

(b) With respect to any other amendment, change or modification which will materially adversely affect the security or rights of the Owners, by an agreement in writing executed by the County and the Library Board and consented to in writing by the PBC and the Owners of a majority in aggregate principal amount of the Bonds then Outstanding; provided that a modification to the description of the Land attached to the Sublease to conform to actual legal descriptions of the components of the Land may be accomplished with an addendum executed by the County and the Library Board without the consent of the PBC or the Owners.

(c) With respect to all other amendments, changes, or modifications, by an agreement in writing executed by the County and the Library Board.

SUMMARY OF PROPERTY VALUATION, TAX LEVIES, PAYMENT PROVISIONS AND THE CASH-BASIS LAW

Following is a summary of certain statutory and constitutional provisions relative to the mechanisms of real property valuation, tax levy procedures, tax payment and distribution procedures, and the cash-basis laws of the state. The summary does not purport to be inclusive of all such provisions or of the specific provisions discussed, and is qualified by reference to the complete text of applicable statutes and articles of the State Constitution. This summary reflects changes to Kansas property tax laws following amendment of the State Constitution in 1986 and 1992 relating to reappraisal and classification of real property for the purpose of property taxation.

Property Valuations (Chapter 79, Article 14, Kansas Statutes Annotated, and Article 11, Kansas Constitution)

<u>Assessor's Estimated Fair Market Value</u>

The valuation of each parcel of real property subject to taxation must, by law, be updated each year, as of each January 1, and must be physically inspected by the appraiser at least once every six years. With the exception of agricultural land, all property is valued at its market value in money which is the value the appraiser determines to be the price the appraiser believes the property to be fairly worth, and which is referred to as the "Fair Market Value." Land devoted to agricultural use is appraised on the basis of the income-generating capabilities of such land for agricultural purposes at median levels of production.

<u>Assessed Value and Property Classification</u>

For taxable years commencing January 1, 1993, and thereafter, property is classified and assessed at the percentages of value as follows:

<u>Class 1</u>

This class consists of real property. Real property is further classified into seven subclasses. Such property is defined by law for the purpose of subclassification and assessed uniformly as to subclass at the following percentages of market value:

(1) Real property used for residential purposes including multi-family residential real property and real property necessary to accommodate a residential community of mobile or manufactured homes including the real property upon which such homes are located 11½%

(2) Land devoted to agricultural use which shall be valued upon the basis of its agricultural income or agricultural productivity pursuant to Section 12 of Article 11 of the Constitution 30%

(3) Vacant lots 12%

(4) Real property which is owned and operated by a not-for-profit organization not subject to federal income taxation pursuant to Section 501 of the federal Internal Revenue Code, and which is included in this subclass by law 12%

(5) Public utility real property, except railroad real property which shall be assessed at the average rate that all other commercial and industrial property is assessed......... 33%

(6) Real property used for commercial and industrial purposes and buildings and other improvements located upon land devoted to agricultural use 25%

(7) All other urban and rural real property not otherwise specifically subclassified 30%

Class 2

This class consists of tangible personal property. Such tangible personal property is further classified into six subclasses. Such property is defined by law for the purpose of subclassification and assessed uniformly as to subclass at the following percentages of market value:

(1) Mobile homes used for residential purposes 11½%

(2) Mineral leasehold interests, except oil leasehold interests, the average daily production from which is five barrels or less, and natural gas leasehold interests, the average daily production from which is 100 mcf or less, which shall be assessed at 25% 30%

(3) Public utility tangible personal property including inventories thereof, except railroad personal property including inventories thereof, which shall be assessed at the average rate all other commercial and industrial property is assessed 33%

(4) All categories of motor vehicles not defined and specifically valued and taxed pursuant to law enacted prior to January 1, 1985 .... 30%

(5) Commercial and industrial machinery and equipment which, if its economic life is seven years or more, shall be valued at its retail cost less seven-year straight-line depreciation, or which, if its economic life is less than seven years, shall be valued at its retail cost when new less straight-line depreciation over its economic life, except that, the value so obtained for such property, notwithstanding its economic life and as long as such property is being used, shall not be less than 20% of the retail cost when new of such property 25%

(6) All other tangible personal property not otherwise specifically classified 30%

All property used exclusively for state, county, municipal, literary, educational, scientific, religious, benevolent and charitable purposes, farm machinery and equipment, merchants' and manufacturers' inventories (other than public utility inventories included in Subclass (3) of Class 2), livestock, and all household goods and personal effects not used for the production of income is exempted from property taxation.

The 2006 Kansas Legislature exempted from all property or ad valorem property taxes levied under the laws of the State all commercial, industrial, telecommunications and railroad machinery and equipment acquired by qualified purchase or lease after June 30, 2006 or transported into the State after June 30, 2006 for the purpose of expanding an existing business or creation of a new business.

Property Tax Payments and Delinquencies (Chapter 79, Articles 18, 20, 23, 24, 28 and 29, Kansas Statutes Annotated)

The amount of ad valorem taxes to be levied against property within a taxing jurisdiction is determined by the governing body of the jurisdiction as part of the annual budget approval process and certified, along with special assessments, to the county clerk not later than August 25 of each year. The county clerk assembles the tax levies and assessments from the various jurisdictions located within the county, together with any State property tax levies, into a tax roll specifying the tax on each taxable parcel of land in the county. The county treasurer receives the certified tax roll not later than September 1 each year and mails tax statements to taxpayers not later than December 15. Taxpayers have the option of paying the entire amount of taxes owed not later than December 20, or paying half at that time and the other half by the following May 10.

Property taxes not paid when and in the amounts due are considered delinquent and are subject to an interest penalty at a rate set by law. If delinquent taxes, plus accrued interest, have not been paid by July 10, the county treasurer will convey ownership of the property to the county, pursuant to statute. Delinquent taxpayers then have three years (or two years if both property taxes and special assessments are owed) to redeem their property by paying all unpaid taxes, fees, accrued interest and costs thereon. If not redeemed, the real estate will be disposed of by sheriff's sale at public auction to the highest bidder following judicial foreclosure proceedings. The net proceeds of the sheriff's sale are apportioned on a pro rata basis to the various taxing units having jurisdiction over the property.

Property Tax Distributions (Section 12-1678a, Kansas Statutes Annotated)

Property taxes and special assessments collected by the county treasurer on December 20 and May 10 are distributed to the various taxing units on January 20 and June 5, respectively, in the actual amount collected as of not more than 20 days prior to the distribution date. In addition, distributions of interim collections are made on March 20 and September 20, in an amount equal to 95% of the estimated amount collected but not less than the actual amount collected as of not more than 20 days prior to such distribution dates. A final distribution is made on October 31, just prior to the receipt by the treasurer of the following year's tax roll.

The Kansas Cash-Basis Law (Chapter 10, Article 11, Kansas Statutes Annotated)

All municipalities and taxing subdivisions of the State are required by law to administer their financial operations on a cash basis, except in specific instances. Simply stated, a municipality may not incur a financial obligation in an amount which exceeds the amount of funds actually on hand at the time the obligation is incurred. The most notable exceptions to the cash-basis law are bonds, notes and warrants issued in accordance with State law, contracts approved by referenda and teacher contracts.

In order to operate efficiently on a cash basis, municipalities must adhere to certain statutory budgeting and accounting requirements which segregate financial resources into various operating funds, such as the general fund and the debt service fund, and limit the expenditure of such resources to the amounts identified in the duly adopted budget for each fund. Budgeted expenditures must be balanced with budgeted revenue for each fund, and moneys cannot be transferred between funds to cover excessive spending. Likewise, surplus revenue must be carried forward and used to reduce tax levies in the following year, with allowance for reasonable reserves.

According to the Kansas Supreme Court, the purpose of the cash-basis and budget laws is to provide for "the systematical, intelligent and economical administration of the financial affairs of municipalities and other taxing subdivisions of the state, so as to avoid waste and extravagance and yet permit such units of government to function so as to supply the governmental wants and needs of the people." (State, ex rel., v. Republic County Commissioners, 148 Kan. 376, 383.) It has the collateral effect of ensuring that financial obligations legally entered into will be paid.

APPENDIX V

FORM OF CONTINUING DISCLOSURE UNDERTAKING

This **CONTINUING DISCLOSURE UNDERTAKING** dated as of November 10, 2020 (this **"Continuing Disclosure Undertaking"**), is executed and delivered by **Johnson County, Kansas** (the **"County"**).

RECITALS

1. This Continuing Disclosure Undertaking is executed and delivered by the County in connection with the issuance by the Public Building Commission of Johnson County, Kansas (the **"PBC"**) of its **$[PRINCIPAL AMOUNT] Lease Purchase Revenue Bonds (Central Resource Library Project), Series 2020C** (the **"Bonds"**), pursuant to the Trust Indenture dated as of November 1, 2014 between the PBC and Security Bank of Kansas City, as trustee, as amended and supplemented from time to time (the **"Indenture"**).

2. The County is entering into this Continuing Disclosure Undertaking for the benefit of the Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with Rule 15c2-12 of the Securities and Exchange Commission (the **"Rule"**). The County is the only **"obligated person"** with responsibility for continuing disclosure hereunder, and neither the PBC nor the Library Board has undertaken any responsibility with respect to any reports, notices or disclosures provided or required under this Continuing Disclosure Undertaking, and the PBC and the Library Board have no liability to any person, including any Beneficial Owner of the Bonds, with respect to the Rule.

Section 1. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Continuing Disclosure Undertaking unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" means any Annual Report provided by the County pursuant to, and as described in, **Section 2** of this Continuing Disclosure Undertaking.

"Beneficial Owner" means any registered owner of any Bonds and any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

"Business Day" means a day other than (a) a Saturday, Sunday or legal holiday, (b) a day on which banks located in any city in which the principal office or designated payment office of the paying agent or the Dissemination Agent is located are required or authorized by law to remain closed, or (c) a day on which the Securities Depository or the New York Stock Exchange is closed.

"Dissemination Agent" means any entity designated in writing by the County to serve as dissemination agent pursuant to this Continuing Disclosure Undertaking and which has filed with the County a written acceptance of such designation.

"EMMA" means the Electronic Municipal Market Access system for municipal securities disclosures established and maintained by the MSRB, which can be accessed at www.emma.msrb.org.

"Financial Obligation" means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of (a) or (b) in this definition; *provided however*, the term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

"Fiscal Year" means the **12-**month period beginning on **January 1** and ending on **December 31** or any other **12-**month period selected by the County as the Fiscal Year of the County for financial reporting purposes.

"Material Events" means any of the events listed in **Section 3** of this Continuing Disclosure Undertaking.

"**MSRB"** means the Municipal Securities Rulemaking Board, or any successor repository designated as such by the Securities and Exchange Commission in accordance with the Rule.

"Participating Underwriter" means any of the original underwriter(s) of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

"Rule" means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 2. Provision of Annual Reports.

(a) The County shall, not later than December 31 following the end of the County's Fiscal Year, commencing with the Fiscal Year ending December 31, 2020, file with the MSRB, through EMMA, the following financial information and operating data (the "**Annual Report**"):

(1) The audited financial statements of the County for the prior Fiscal Year, prepared in accordance with accounting principles generally accepted in the United States. If audited financial statements are not available by the time the Annual Report is required to be provided pursuant to this Section, the Annual Report shall contain unaudited financial statements in a format similar to the summary unaudited financial information contained in the final Official Statement relating to the Bonds, and the audited financial statements shall be provided in the same manner as the Annual Report promptly after they become available.

(2) Updates as of the end of the Fiscal Year of certain financial information and operating data contained in the final Official Statement related to the Bonds, as described in **Exhibit A,** in substantially the same format contained in the final Official Statement with such adjustments to formatting or presentation determined to be reasonable by the County.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues with respect to which the County is an **"obligated person"** (as defined by the Rule), which have been provided to the MSRB and are available through EMMA or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB on EMMA. The County shall clearly identify each such other document so included by reference.

In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in this Section; provided that the audited financial statements of the County may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the County's Fiscal Year changes, it shall give notice of such change in the same manner as for a Material Event under **Section 3**, and the Annual Report deadline provided above shall automatically become the last day of the twelfth month after the end of the County's new fiscal year.

(b) The Annual Report shall be filed with the MSRB in such manner and format as is prescribed by the MSRB.

Section 3. Reporting of Material Events. Not later than **10** Business Days after the occurrence of any of the following events, the County shall give, or cause to be given to the MSRB, through EMMA, notice of the occurrence of any of the following events with respect to the Bonds ("**Material Events**"):

(1) principal and interest payment delinquencies;
(2) non-payment related defaults, if material;
(3) unscheduled draws on debt service reserves reflecting financial difficulties;
(4) unscheduled draws on credit enhancements reflecting financial difficulties;
(5) substitution of credit or liquidity providers, or their failure to perform;
(6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
(7) modifications to rights of bondholders, if material;
(8) bond calls, if material, and tender offers;
(9) defeasances;
(10) release, substitution or sale of property securing repayment of the Bonds, if material;
(11) rating changes;
(12) bankruptcy, insolvency, receivership or similar event of the obligated person;
(13) the consummation of a merger, consolidation, or acquisition involving the obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
(14) appointment of a successor or additional trustee or the change of name of the trustee, if material;
(15) incurrence of a Financial Obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders, if material; and
(16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

If the County has not submitted the Annual Report to the MSRB by the date required in **Section 2(a)**, the County shall send a notice to the MSRB of the failure of the County to file on a timely basis the Annual Report, which notice shall be given by the County in accordance with this **Section 3**.

Section 4. Termination of Reporting Obligation. The County's obligations under this Continuing Disclosure Undertaking shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If the County's obligations under this Continuing Disclosure Undertaking are assumed in full by some other entity, such person shall be responsible for compliance with this Continuing

Disclosure Undertaking in the same manner as if it were the County, and the County shall have no further responsibility hereunder. If such termination or substitution occurs prior to the final maturity of the Bonds, the County shall give notice of such termination or substitution in the same manner as for a Material Event under **Section 3**.

Section 5. Dissemination Agents. The County may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Continuing Disclosure Undertaking, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. Any Dissemination Agent may resign as dissemination agent hereunder at any time upon **30** days prior written notice to the County. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report (including without limitation the Annual Report) prepared by the County pursuant to this Continuing Disclosure Undertaking.

Section 6. Amendment; Waiver. Notwithstanding any other provision of this Continuing Disclosure Undertaking, the County may amend this Continuing Disclosure Undertaking and any provision of this Continuing Disclosure Undertaking may be waived, provided that Bond Counsel or other counsel experienced in federal securities law matters provides the County with its written opinion that the undertaking of the County contained herein, as so amended or after giving effect to such waiver, is in compliance with the Rule and all current amendments thereto and interpretations thereof that are applicable to this Continuing Disclosure Undertaking.

In the event of any amendment or waiver of a provision of this Continuing Disclosure Undertaking, the County shall describe such amendment or waiver in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the County. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (1) notice of such change shall be given in the same manner as for a Material Event under **Section 3**, and (2) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 7. Additional Information. Nothing in this Continuing Disclosure Undertaking shall be deemed to prevent the County from disseminating any other information, using the means of dissemination set forth in this Continuing Disclosure Undertaking or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Material Event, in addition to that required by this Continuing Disclosure Undertaking. If the County chooses to include any information in any Annual Report or notice of occurrence of a Material Event, in addition to that specifically required by this Continuing Disclosure Undertaking, the County shall have no obligation under this Continuing Disclosure Undertaking to update such information or include it in any future Annual Report or notice of occurrence of a Material Event.

Section 8. Default. If the County fails to comply with any provision of this Continuing Disclosure Undertaking, any Participating Underwriter or any Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the County to comply with its obligations under this Continuing Disclosure Undertaking. A default under this Continuing Disclosure Undertaking shall not be deemed an event of default under the Indenture, the Lease or the Bonds, and the sole remedy under this Continuing Disclosure Undertaking in the event of any failure of the County to comply with this Continuing Disclosure Undertaking shall be an action to compel performance.

Section 9. Beneficiaries. This Continuing Disclosure Undertaking shall inure solely to the benefit of the PBC, the County, the Participating Underwriter, and the Beneficial Owners from time to time of the Bonds and shall create no rights in any other person or entity.

Section 10. Severability. If any provision in this Continuing Disclosure Undertaking shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 11. Electronic Transactions. The arrangement described herein may be conducted and related documents may be sent, received, or stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

Section 12. Governing Law. This Continuing Disclosure Undertaking shall be governed by and construed in accordance with the laws of the State of Kansas.

IN WITNESS WHEREOF, the County has caused this Continuing Disclosure Undertaking to be executed as of the day and year first above written.

JOHNSON COUNTY, KANSAS

(SEAL)

By: ____________________________________
Ed Eilert
Chair

ATTEST:

By: ____________________________________
Somir Hassan
Interim County Clerk

EXHIBIT A

FINANCIAL INFORMATION AND OPERATING DATA TO BE INCLUDED IN ANNUAL REPORT

The financial information and operating data contained in the following sections and tables contained in the final Official Statement relating to the Bonds:

- COUNTY PROPERTY VALUES
- COUNTY INDEBTEDNESS (*except* COUNTY INDEBTEDNESS – Estimated Calendar Year Debt Service Payments)
- COUNTY TAX RATES, LEVIES AND COLLECTIONS (*except* COUNTY TAX RATES, LEVIES AND COLLECTIONS – Special Assessment Billings and Collections)
- GENERAL INFORMATION CONCERNING THE COUNTY – Population (table regarding County's population growth only)
- GOVERNMENTAL ORGANIZATION AND SERVICES – Public Employee Retirement System (table regarding contributions to KPERS and KP&F only)

EXCERPT OF THE COUNTY'S 2019 COMPREHENSIVE ANNUAL FINANCIAL REPORT

Rubin Brown, LLLP, independent auditor for the County, has not been engaged to perform, and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. Rubin Brown, LLLP also has not performed any procedures relating to this official statement.

The County is audited annually by an independent certified public accounting firm. Data on the following pages has been extracted from the County's Comprehensive Annual Financial Report for the fiscal year ended December 31, 2019. The reader should be aware that the complete financial report may contain additional information relating to the data presented here which may interpret, explain or modify it.

The County's Comprehensive Annual Financial Reports for the years ending 1987 through 2018 were awarded the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association of the United States and Canada (GFOA). The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting. The County has submitted its CAFR for the 2019 fiscal year to GFOA.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report (CAFR), whose contents conform to program standards. Such CAFR must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only.

FINANCIAL SECTION

- Independent Auditor's Report
- Management's Discussion and Analysis
- Basic Financial Statements
- Notes to the Financial Statements

Independent Auditors' Report

Board of County
Commissioners Johnson
County, Kansas

Report On The Financial Statementa

We have audited the accompanying financial statements of the governmental activities, the business type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Johnson County, Kansas (County) es of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility For The Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, end maintenance of internal control relevant to the preparation and fair presentation of financial statements thet are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Johnson County Fire District No. 1, Johnson County Consolidated Fire District No. 2, or Northwest Consolidated Fire District, which represents 19% of assets and deferred outflows of resources and 24% of revenues of aggregate discretely presented component units. The statements of Johnson County Fire District No. 1 and Johnson County Consolidated Fire District No. 2, which were prepared in accordance with the special purpose framework included in the *Kansas Municipal Audit and Accounting Guide,* have been furnished to us. We have applied audit procedures on the conversion adjustments to the financial statements of the Johnson County Fire District No. 1 and Johnson County Consolidated Fire District No. 2, which conform those financial statements to accounting principles generally accepted in the United States of America. Our opinion, insofar as it relates to the amounts included for Johnson County Fire District No. 1 and Johnson County Consolidated Fire District No. 2, prior to those conversion adjustments, is based solely on the report of the other auditors. The financial statements of Northwest Consolidated Fire District were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Northwest Consolidated Fire District, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America the *Kensas Municipal Audit and Accounting Guide*, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of Johnson County Fire District No. 1, Johnson County Consolidated Fire District No. 2, and Northwest Consolidated Fire District were not audited in accordance with *Government Auditing Standards.*

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparetion and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's intamal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Johnson County, Kansas, as of December 31, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis Of Matter

As discussed in Note 17, adjustments were made to beginning net position to correct an error related to the discretaly presented Fire Districts being added to the reporting entity in the prior year. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information listed on the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's rasponses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assuranca on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit wes conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual nonmajor fund financial statements and schedules and the introductory and statistical sections as listed in the table of contents ara presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial stetements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepere the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, such information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required By *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated June 24, 2020 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that tasting, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standerds* in considering the County's internal control over financial raporting and compliance.

RubinBrown LLP

June 24, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Johnson County, Kansas (the County) Comprehensive Annual Financial Report presents a narrative overview and analysis of the financial activities of the County for the fiscal year ended December 31, 2019. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by $724,837,971 (net position). Of this amount, $186,728,749 (unrestricted net position) may be used to meet the County's on-going obligations to citizens and creditors.
- As of December 31, 2019, the County's governmental funds reported combined ending fund balances of $266,768,632. Approximately 86% of this total amount, $227,967,511, is available to meet the County's current and future needs.
- At the close of the current fiscal year, fund balance for the County's primary operating fund, the General Fund, was $117,566,680 or 39% of total general fund expenditures of $303,611,509. Approximately 33% of this total amount, $99,340,397 is available to meet the County's current and future needs.
- The County's total bonded debt decreased by $33,614,994 (4%) during the current fiscal year. This was the result of the refunding of series PBC 2009A, and regular payments throughout the year on existing debt issues.

OVERVIEW OF THE FINANCIAL STATEMENTS

Management's Discussion and Analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements include three components: 1) **Government-wide** financial statements, 2) **Fund** financial statements and 3) **Notes** to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the County's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. Net position is measured as the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The *statement of activities* presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation and sick leave).

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues *(governmental activities)* from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include general government, public works, public safety, health and human services, planning and economic development, and culture and recreation. The business-type activities of the County include two airports, wastewater treatment, transportation operations and the Public Building Commission.

The government-wide financial statements include not only the County itself (known as the primary government), but also a legally separate Park and Recreation District for which the County is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government. Discretely presented component units are reported in a separate column in the combined financial statements to emphasize their status as legally separate from the primary government and to differentiate their financial position, results of operations and cash flows from those of the primary government. The Park and Recreation District is reported as a discretely presented component unit.

Included within the business-type activities of the government-wide financial statements are the operations of the Johnson County Public Building Commission (PBC). Although legally separate from the County, this component unit is blended with the primary government for the following reasons: the County is financially accountable for the PBC, the PBC has substantially the same governing board as the County, and the PBC provides services entirely to the County. Accordingly, the PBC is reported as an enterprise fund of the primary government.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into the following three categories: *governmental funds, proprietary funds, and fiduciary funds.*

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements (i.e., most of the County's basic services are reported in governmental funds). However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows* and *outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the County's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the County's near-term financing decisions. The governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances both provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The County maintains several individual governmental funds organized according to their type (general, special revenue, debt service, and capital projects). Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and the Capital Projects Fund, both of which are considered to be major funds. Data from the remaining governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The County adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

Proprietary funds. Proprietary funds are generally used to account for services for which the County charges customers. These customers include both external customers and internal units or departments of the County. Proprietary funds provide the same type of information as shown in the government-wide financial statements, only in more detail. The County maintains the following two types of proprietary funds:

- **Enterprise funds** are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County uses enterprise funds to account for the operations of its airport, transportation operations, wastewater services and the Public Building Commission. The proprietary fund financial statements provide separate information for Johnson County Wastewater and for the PBC, both of which are considered to be major funds of the County.

- **Internal Service funds** are used to report activities that provide supplies and services for certain County programs and activities. The County uses internal service funds to account for its risk management, self-insured health care, and fleet services. Because these services predominantly benefit governmental rather than business-type functions, they have been included with *governmental activities* in the government-wide financial statements. The internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the County. The County's agency funds are reported under the fiduciary funds. Since the resources of these funds are not available to support the County's own programs, they are *not* reflected in the government-wide financial statements. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the basic financial statements. The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the County's and the Park and Recreation District Component Unit's progress in funding their other postemployment benefits other than pensions (OPEB) obligations to their employees. Net pension liability information for KPERS and KP&F is also presented.

The combining statements referred to earlier in connection with non-major governmental funds, non-major proprietary funds, internal service funds, and fiduciary funds are presented immediately following the required supplementary information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Johnson County's Net Position

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Assets:						
Current and other assets	$ 600,272,072	$ 540,165,044	$ 445,322,718	$ 621,059,965	$ 1,045,594,790	$ 1,161,225,009
Capital assets	158,015,041	163,123,675	1,064,683,783	888,442,426	1,222,698,824	1,051,566,101
Total assets	758,287,113	703,288,719	1,510,006,501	1,509,502,391	2,268,293,614	2,212,791,110
Deferred Outflows	36,607,119	41,488,521	1,172,233	1,280,133	37,779,352	42,768,654
Liabilities:						
Long-term liabilities outstanding	257,991,575	254,682,483	956,151,168	995,173,361	1,214,142,743	1,249,855,844
Other liabilities	47,320,503	43,265,814	47,454,897	43,221,593	94,775,400	86,487,407
Total liabilities	305,312,078	297,948,297	1,003,606,065	1,038,394,954	1,308,918,143	1,336,343,251
Deferred Inflows	270,243,800	251,045,026	2,073,052	2,105,726	272,316,852	253,150,752
Net position:						
Net investment in						
capital assets	139,541,582	148,126,524	362,537,807	383,802,726	502,079,389	531,929,250
Restricted	36,029,833	29,880,663	—	14,931	36,029,833	29,895,594
Unrestricted	43,766,939	17,776,730	142,961,810	86,464,187	186,728,749	104,240,917
Total net position	$ 219,338,354	$ 195,783,917	$ 505,499,617	$ 470,281,844	$ 724,837,971	$ 666,065,761

Analysis of Net Position. As noted earlier, net position may serve as a useful indicator of a government's financial position. For the County, assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources by $724,837,971 at the close of the current fiscal year.

The largest portion of the County's net position (69%) reflects its investment of $502,079,389 in capital assets (e.g. land, buildings, and equipment), less any related outstanding debt used to acquire those assets. The County uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be liquidated for these liabilities.

An additional portion of the County's net position is unrestricted net position, $186,728,749 may be used to meet the government's ongoing obligations to citizens and creditors.

The following table reflects the revenues and expenses for the County's activities for the year ended December 31, 2019, and illustrates the comparison between 2019 and the prior year:

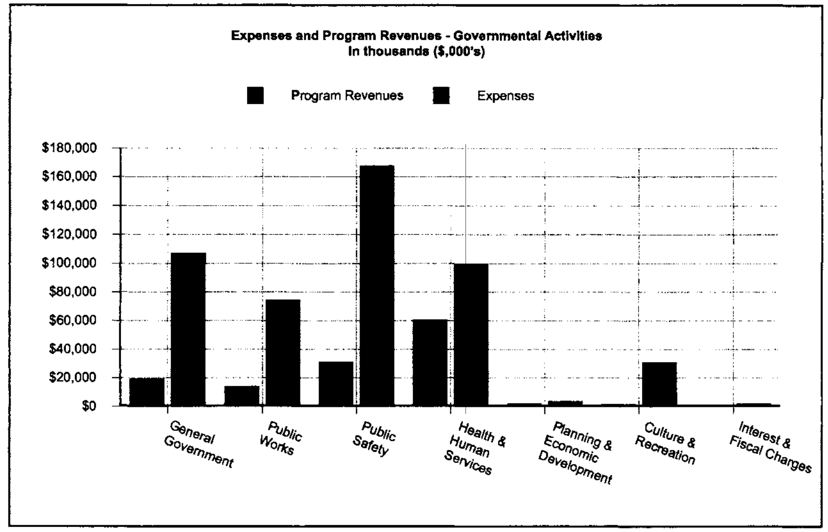
Johnson County's Changes in Net Position

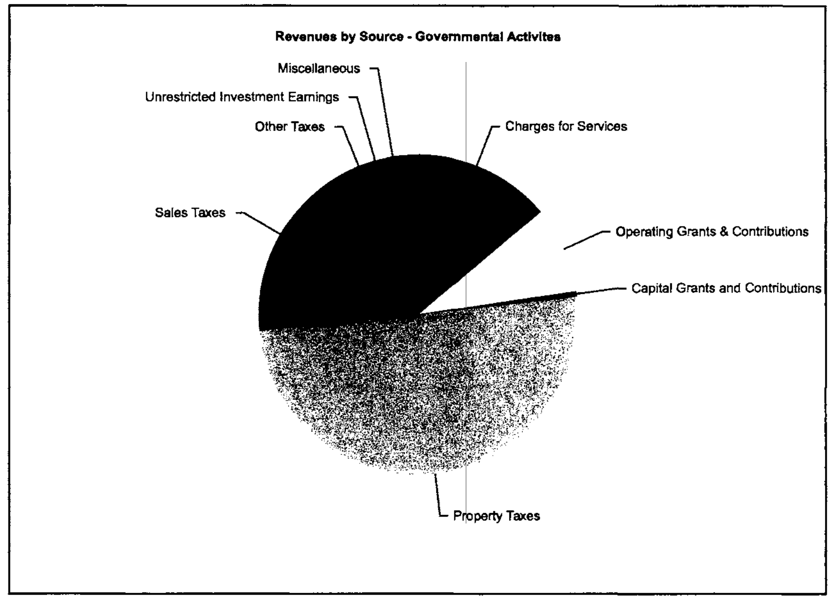
	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	$ 81,248,092	$ 77,880,783	$ 172,523,652	$ 182,946,817	$ 253,771,744	$ 260,827,600
Operating grants and contributions	45,105,093	48,857,340	3,274,317	701,870	48,379,410	47,559,210
Capital grants and contributions	2,621,561	421,666	7,140,526	7,809,992	9,762,087	8,231,658
General revenues:						
Property taxes	257,906,932	245,651,928	—	18,829	257,906,932	245,670,757
Sales taxes	102,651,800	101,676,666	—	—	102,651,800	101,676,666
Other taxes	5,497,132	5,309,275	—	—	5,497,132	5,309,275
Unrestricted investment earnings	12,284,224	9,471,385	12,825,621	7,482,034	25,109,845	16,953,419
Miscellaneous	6,235,235	7,387,805	—	—	6,235,235	7,387,805
Total revenues	513,550,069	494,656,848	195,764,116	198,959,542	709,314,185	693,616,390
Expenses, net of indirect cost allocation:						
General government	107,166,110	97,080,851	—	—	107,166,110	97,080,851
Public works	74,607,756	76,598,421	—	—	74,607,756	76,598,421
Public safety	167,785,169	176,471,216	—	—	167,785,169	176,471,216
Health and human services	99,457,916	95,429,443	—	—	99,457,916	95,429,443
Planning and economic development	3,630,584	3,587,984	—	—	3,630,584	3,567,984
Culture and recreation	31,035,636	28,799,807	—	—	31,035,636	28,799,807
Interest on long term debt	769,424	392,124	—	—	769,424	392,124
Airport	—	—	12,760,178	5,495,889	12,760,178	5,495,889
Johnson County Wastewater	—	—	115,423,676	103,717,626	115,423,676	103,717,626
Transportation	—	—	13,562,446	17,730,056	13,562,446	17,730,056
Public Building Commission	—	—	24,343,080	22,421,776	24,343,080	22,421,776
Total expenses	484,452,595	478,339,846	166,089,380	149,365,347	650,541,975	627,705,193
Increase (decrease) in net position before transfers	29,097,474	16,317,002	29,674,736	49,594,195	58,772,210	65,911,197
Transfers	(5,543,037)	(6,841,572)	5,543,037	6,841,572	—	—
Change in net position	23,554,437	9,475,430	35,217,773	56,435,767	58,772,210	65,911,197
Net position - 1/1/19	195,783,917	192,076,748	470,281,844	414,706,375	666,065,761	606,783,123
Prior period adjustments	—	(5,768,261)	—	(860,298)	—	(6,628,559)
Net position - beginning of year restated	195,783,917	186,308,487	470,281,844	413,846,077	666,065,761	600,154,564
Net position - 12/31/19	$ 219,338,354	$ 195,783,917	$ 505,499,617	$ 470,281,844	$ 724,837,971	$ 666,065,761

Analysis of Changes in Net Position.

Governmental Activities

During the current fiscal year, the County's net position related to governmental activities increased $23,554,437 when compared to 2018. This was due to a variety of increases/decreases in revenues and expenses as shown in the table above.

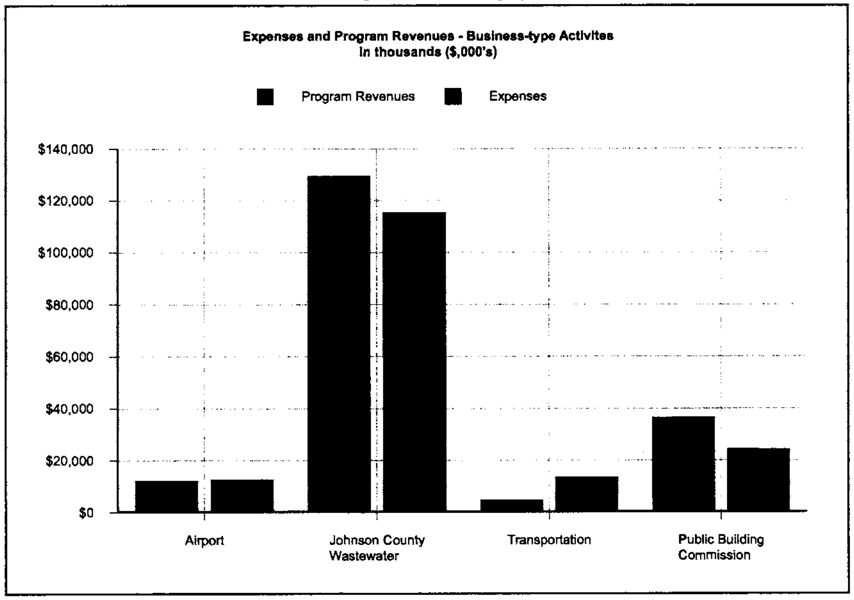


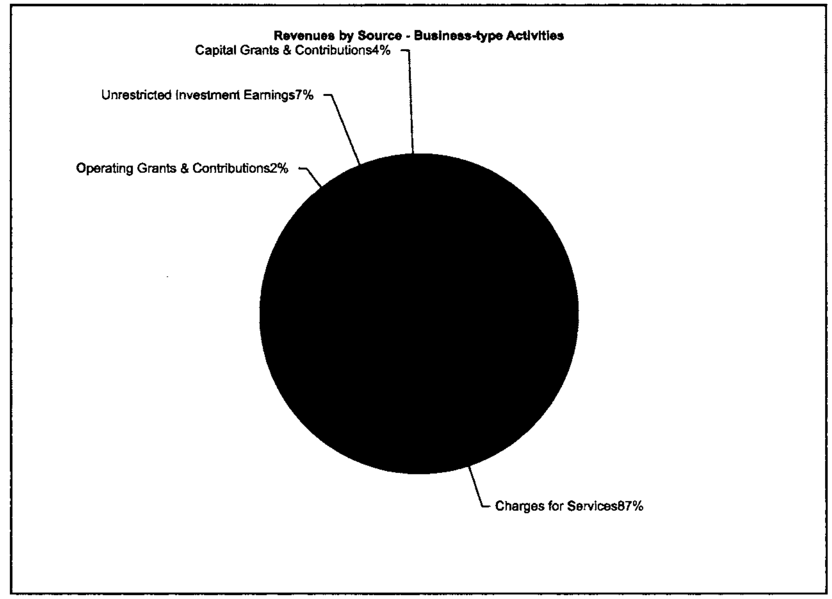


The charts above illustrate the County's governmental expenses and revenues by function, and revenues by source. As shown, public safety is the largest function in expense (35%), followed by general government (22%), health and human services (21%), and public works (15%). General revenues such as property, business, and sales taxes are not shown by program, but are effectively used to support program activities countywide. For governmental activities overall, without regard to program, property taxes is the largest single source of funds (50%), followed by sales taxes (20%), and charges for services (16%).

Business-type Activities

During the current fiscal year, the County's net position related to business-type activities increased $35,217,773. Capital grants and contributions increased $2,572,447 due to increased Federal Grant funds received, and unrestricted investment earnings increased roughly $5.3 million.





The charts above and on the previous page illustrate the County's business-type activities' expenses and revenues by department, and its revenues by source. As expected, the primary source of revenue for business-type activities results from charges for services.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of resources that are available for spending. Such information is useful in assessing the County's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the County's net resources available for spending at the end of the fiscal year. Types of Governmental funds reported by the County include the General Fund, Special Revenue Funds, Debt Service Funds, and Capital Projects Fund.

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of $266,768,632, an increase of $29,795,903 from the prior year. Approximately 86% of this total amount, or $227,967,511 constitutes fund balance that is available to meet the County's current and future needs. The remainder of the fund balance totaling $38,801,121 is either non-spendable or restricted for specific spending; including $2,771,288 "not in spendable form" for items that are not expected to be converted to cash such as inventories and prepaid items, and $36,029,833 restricted for programs at various levels.

The general fund is the chief operating fund of the County. At the end of the current fiscal year, the available fund balance of the general fund was $99,340,397, while total fund balance was $117,566,680. As a measure of the general fund's liquidity, it may be useful to compare both available fund balance and total fund balance to total fund expenditures. Available fund balance represents 33% of total general fund expenditures of $303,611,509, while total fund balance represents 39% of that same amount.

The fund balance in the County's general fund has increased by $16,978,419 during the current fiscal year. Total revenue in the general fund was $335,784,090, an increase of $11,490,302 from the previous year. Increased tax revenue and investment earnings were the main components of this increase. Total expenditures increased in the areas of general government and capital outlay, but decreased slightly in public safety. Total expenses were less than total revenues received.

Proprietary funds. The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position for the business-type activities at the end of the year amounted to $142,961,810. The total change in net position for Johnson County Wastewater was $21,706,882 and $15,612,756 for the Public Building Commission, respectively. The increases in net position for Johnson County Wastewater and Public Building Commission are primarily due to the increases in charges for services.

GENERAL FUND BUDGETARY HIGHLIGHTS

The original actual revenues for the General Fund were below the final budget by $4,466,241. Due to the County's effective budget controls expenditures were $111,861,611 less than budgeted, which resulted in a positive variance of $108,248,647 in the General Fund. A summary of the significant differences between budgetary estimates for revenues and expenditures is as follows:

- Intergovernmental revenues were $2,603,965 less than expected as the County received fewer federal and state grant funds.
- General fund reserves of $88,415,965 remain available at the end of 2019.

Capital Assets and Debt Administration

Capital Assets. The County's investment in capital assets for its governmental and business type activities as of December 31, 2019 amounted to $1,222,698,824 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, roads, highways and bridges.

Johnson County's Capital Assets
(net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	$ 27,087,119	$ 27,087,119	$ 10,042,838	$ 9,738,854	$ 37,129,957	$ 36,825,973
Buildings	30,553,711	32,403,073	377,011,922	386,795,275	407,565,633	419,198,348
Improvements other than buildings	2,686,118	2,912,658	265,671,851	256,881,719	268,357,969	259,794,377
Machinery and equipment	33,249,549	30,648,697	46,132,648	27,181,100	79,382,197	57,829,797
Infrastructure	47,264,872	47,301,726	1,717,156	1,772,779	49,002,028	49,074,505
Construction in progress	17,153,672	22,770,402	364,107,368	206,072,699	381,261,040	228,843,101
Total	$ 158,015,041	$ 163,123,675	$1,064,683,783	$ 888,442,426	$1,222,698,824	$1,051,566,101

Additional information on the County's capital assets can be found in Note 5 of this report.

Long-Term Debt. At the end of the current fiscal year, the County had total long-term bonded debt outstanding of $869,230,000. This amount was comprised of $523,810,500 of general obligation and $315,000 of special obligation debt backed by the full faith and credit of the County. Special Assessment debt in the amount of $79,500 is debt for which the County is liable in the event of default by the property owners subject to the assessment. The remainder of the County's debt represents bonds secured solely by specified revenue sources (i.e. revenue bonds).

Johnson County's Outatanding Debt
General Obligation and Revenue Bonds

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
General obligation bonds	$ 13,595,000	$ 11,950,000	$ 510,215,500	$ 521,526,356	$ 523,810,500	$ 533,476,356
Special obligation bonds	315,000	1,095,000	—	—	315,000	1,095,000
Special assessment debt	79,500	88,800	—	4,838	79,500	93,638
Revenue bonds	—	—	345,025,000	368,180,000	345,025,000	368,180,000
Total	$ 13,989,500	$ 13,133,800	$ 855,240,500	$ 889,711,194	$ 869,230,000	$ 902,844,994

The County's total long-term debt decreased by $33,614,994 during the fiscal year due to the refunding of series PBC 2009A, and regular payments throughout the year on existing debt issues.

Johnson County is one of approximately 40 counties in the United States to earn the "Triple A" designation from Standard & Poor's, Moody's, and Fitch Ratings. The County maintains an AAA rating from Standard & Poor's, an Aaa rating from Moody's, and an AAA from Fitch Ratings for general obligation debt. The Public Building Commission, a blended component unit of the County, maintains an AAA rating from Standard and Poor's, and an Aaa rating from Moody's for revenue bonds.

Statutes limit the amount of general obligation debt a governmental entity may issue to 3% of its total assessed valuation. The current debt limitation for the County is $924,179,222, which is significantly in excess of the County's outstanding general obligation debt. Detailed information on the County's debt limit can be found in the Statistical Section of this report.

Additional information on the County's long-term debt can be found in Note 8 of this report.

Economic Factors and Next Year's Budgets and Rates

Johnson County continues to be an attractive location for both families and businesses. According to the Bureau of Economic Analysis, the County's population increased from 545,696 in 2010 to 602,401 in 2019 (an increase of 56,705 or 10%). On average, the County's population grows by approximately 5,671 persons per year, or 473 per month. Unemployment rates are currently at 2.8% compared to a national level of 3.5% and a state level of 3.1%.

The AAA rating referenced above continues to reflect the County's:

- Diverse and expanding local economy, participating in the larger Kansas City Metropolitan Statistical Area;
- Above-average wealth levels;
- Strong financial operations supported by conservative management and established fiscal policies; and
- Moderate debt levels that should remain manageable through on-going planning.

All of these factors were considered in preparing the County's budget for 2020. At the end of 2019, the unrestricted fund balance in the general fund is $89,360,208.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the County's finances for all interested parties. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: Treasury and Financial Management, 111 South Cherry Street, Suite 2400, Olathe, Kansas 66061. The County's Comprehensive Annual Financial Report and financial publications can be found on the internet at http://www.jocogov.org/sites/default/files/documents/TRE/CAFR-2019.pdf. Separately issued financial statements for the discretely presented component unit, the Park and Recreation District, may be obtained at 7900 Renner Road, Lenexa, Kansas 66218.

BASIC FINANCIAL STATEMENTS

Johnson County, Kansas
Statement of Net Position
December 31, 2019

	PRIMARY GOVERNMENT			Component Unit	
	Governmental Activities	Business-Type Activities	Total	Park and Recreation	Fire Districts
ASSETS					
Deposits including investments	$ 324,244,098	$ 230,575,963	$ 554,820,061	$ 41,944,975	$ 12,482,170
Receivables (net of allowance for uncollectibles):	273,001,406	24,249,532	297,250,938	34,752,822	23,928,609
Internal balances	—	—	—	—	—
Inventories	1,382,246	621,541	2,003,787	85,643	—
Prepaids	1,644,322	299,965	1,944,287	303,384	291,981
Restricted cash and investments	—	189,575,717	189,575,717	15,088,408	10,535,200
Capital assets (net of accumulated depreciation):					
Land	27,087,119	10,042,838	37,129,957	59,984,755	857,153
Buildings	30,553,711	377,011,922	407,565,633	26,889,798	13,360,146
Improvements other than buildings	2,686,118	265,671,851	268,357,969	18,383,919	—
Machinery and equipment	33,249,549	46,132,648	79,382,197	10,331,858	7,534,954
Infrastructure	47,284,872	1,717,156	49,002,028	572,895	—
Construction in progress	17,153,672	364,107,368	381,261,040	30,402,864	518,528
TOTAL ASSETS	758,287,113	1,510,006,501	2,268,293,614	238,741,321	69,508,741
DEFERRED OUTFLOWS OF RESOURCES					
Pension deferred outflow	34,602,732	1,021,366	35,624,098	3,059,178	8,896,977
OPEB deferred outflow	2,004,387	150,867	2,155,254	345,073	287,771
Unamortized portion of refunding	—	—	—	172,293	—
TOTAL DEFERRED OUTFLOWS OF RESOURCES	36,607,119	1,172,233	37,779,352	3,576,544	9,184,748
LIABILITIES					
Accounts payable	21,348,473	34,318,490	55,666,963	2,996,743	683,041
Salaries and wages payable	10,701,093	723,525	11,424,618	—	144,948
Accrued liabilities	12,088,490	122,772	12,211,262	899,647	372,423
Interest payable	199,278	11,563,865	11,763,143	506,803	45,378
Unearned revenue	2,983,169	726,245	3,709,414	1,112,350	—
Customer deposits payable	—	—	—	58,229	—
Noncurrent liabilities					
Due within one year	4,001,945	53,337,553	57,339,498	6,149,528	1,275,954
Due in more than one year	253,989,630	902,813,615	1,156,803,245	46,781,914	55,033,604
TOTAL LIABILITIES	305,312,078	1,003,606,065	1,308,918,143	58,505,214	57,555,348
DEFERRED INFLOWS OF RESOURCES					
Property tax receivable	242,670,751	—	242,670,751	33,732,753	23,593,704
Deferred revenue - grants revenue	13,638,461	—	13,638,461	—	—
Capital Finance Charges Receivable	—	470,616	470,616	—	—
Pension deferred inflow	7,655,453	173,212	7,828,665	263,135	2,117,300
OPEB deferred inflow	6,278,138	472,547	6,750,685	1,910,337	452,137
Unamortized portion of refunding	997	956,677	957,674	—	204,894
TOTAL DEFERRED INFLOWS OF RESOURCES	270,243,800	2,073,052	272,316,852	35,906,225	26,368,035
NET POSITION					
Net investment in capital assets	139,541,582	362,537,807	502,079,389	124,208,244	7,306,570
Restricted for:					
Technology Management	5,086,942	—	5,086,942	—	—
Public works	2,321,866	—	2,321,866	—	—
Law Enforcement	23,167,764	—	23,167,764	—	—
Community Support Services	1,583,687	—	1,583,687	—	—
Planning and Economic Development	70,900	—	70,900	—	—
Libraries, Recreation, and Education	1,180,666	—	1,180,666	4,436,929	—
Capital projects	—	—	—	163,279	165,679
Debt service	2,618,008	—	2,618,008	754	414,362
Unrestricted	43,766,939	142,961,810	186,728,749	19,097,220	(13,116,505)
TOTAL NET POSITION	$ 219,338,354	$ 505,499,617	$ 724,837,971	$ 147,906,426	$ (5,229,894)

The accompanying notes are an integral part of these financial statements.

Johnson County, Kansas

Statement of Activities

For the Year Ended December 31, 2019

Functions/Programs	Expenses	Indirect Expenses Allocation	Program Revenues: Charges for Service	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position — Primary Government: Governmental Activities	Primary Government: Business-Type Activities	Primary Government: Total	Component Unit: Park and Recreation	Component Unit: Fire Districts
Primary Government:										
Governmental Activities:										
General government	$121,323,145	$ (14,157,035)	$ 19,419,248	$ 7,654	$ —	$ (87,739,208)	$ —	$ (87,739,208)	$ —	$ —
Public works	73,328,546	1,279,210	1,623,030	10,198,840	2,351,671	(60,434,215)	—	(60,434,215)	—	—
Public safety	167,700,169	85,000	24,949,986	5,952,570	269,890	(136,612,723)	—	(136,612,723)	—	—
Health and human services	90,737,168	8,720,748	31,868,603	28,819,307	—	(38,770,006)	—	(38,770,006)	—	—
Planning and economic development	3,504,584	126,000	1,904,680	—	—	(1,725,904)	—	(1,725,904)	—	—
Culture and recreation	31,035,636	—	1,482,545	126,722	—	(29,426,369)	—	(29,426,369)	—	—
Interest on long term debt	769,424	—	—	—	—	(769,424)	—	(769,424)	—	—
Total governmental activities	488,398,672	(3,946,077)	81,248,092	45,105,093	2,621,561	(355,477,849)	—	(355,477,849)	—	—
Business Type activities:										
Airport	12,351,536	408,642	7,157,449	—	5,084,011	—	(518,718)	(518,718)	—	—
Johnson County Wastewater	112,210,680	3,212,996	129,165,639	316,683	—	—	14,058,646	14,058,646	—	—
Transportation	13,238,007	324,439	29,450	2,642,737	2,056,515	—	(8,833,744)	(8,833,744)	—	—
Public Building Commission	24,343,080	—	36,171,114	314,897	—	—	12,142,931	12,142,931	—	—
Total business type activities	162,143,303	3,946,077	172,523,652	3,274,317	7,140,526	—	16,849,115	16,849,115	—	—
Total Primary Government	$650,541,975	$ —	$253,771,744	$ 48,379,410	$ 9,762,087	$ (355,477,849)	$ 16,849,115	$(338,628,734)	—	—
Component unit:										
Park and Recreation	$ 46,097,565	$ —	$ 22,183,491	$ 99,829	$ 1,937,889				(21,876,356)	
Fire Districts	$ 27,799,123	$ —	$ 2,379,841	$ 333,218	$ —					$ (25,086,064)
General revenues:										
Property taxes						257,906,932	—	257,906,932	35,505,982	24,545,522
Sales taxes						102,651,800	—	102,651,800	—	—
Other taxes						5,497,132	—	5,497,132	12,110	—
Unrestricted investment earnings						12,284,224	12,825,621	25,109,845	1,144,183	90,983
Miscellaneous						6,235,235	—	6,235,235	35,851	643,601
Transfers						(5,543,037)	5,543,037	—	—	—
Total general revenue and transfers						379,032,286	18,368,658	397,400,944	36,698,126	25,280,106
Change in net position						23,554,437	35,217,773	58,772,210	14,821,770	194,042
Net position - beginning						195,783,917	470,281,844	666,065,761	133,084,656	(4,604,037)
Prior period adjustments						—	—	—	—	(819,899)
Net position - beginning of year restated						195,783,917	470,281,844	666,065,761	133,084,656	(5,423,936)
Net position - ending						$ 219,338,354	$ 505,499,617	$ 724,837,971	$ 147,906,426	$ (5,229,894)

The accompanying notes are an integral part of these financial statements.

Johnson County, Kansas
Balance Sheet
Governmental Funds
December 31, 2019

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS				
Deposits including investments	$ 113,746,978	$ 125,617,466	$ 44,680,296	$ 284,044,740
Receivables (net of allowance for uncollectibles):	172,730,852	—	100,197,893	272,928,745
Inventories	296,674	—	891,409	1,188,083
Prepaids	970,058	—	613,147	1,583,205
Restricted cash and investments	—	—	—	—
Total assets	$ 287,744,562	$ 125,617,466	$ 146,382,745	$ 559,744,773
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 5,916,681	$ 9,960,280	$ 1,866,239	$ 17,743,200
Salaries and wages payable	7,527,682	—	3,150,152	10,677,834
Due to others	5,259,086	61,142	4,210	5,324,438
Unearned revenue	1,898,409	—	1,023,048	2,921,457
Total liabilities	20,601,858	10,021,422	6,043,649	36,666,929
Deferred Inflows of Resources:				
Property tax receivable	147,823,613	—	94,847,138	242,670,751
Unavailable revenue - grants revenue	1,752,411	9,252,436	2,633,614	13,638,461
Total deferred inflows of resources	149,576,024	9,252,436	97,480,752	256,309,212
Fund Balances:				
Nonspendable	1,266,732	—	1,504,556	2,771,288
Restricted	16,959,551	—	19,070,282	36,029,833
Committed	6,466,215	106,343,608	245,125	113,054,948
Assigned	3,513,974	—	22,038,381	25,552,355
Unassigned	89,360,208	—	—	89,360,208
Total fund balances	117,566,680	106,343,608	42,858,344	266,768,632
Total liabilities, deferred inflows of resources and fund balances	$ 287,744,562	$ 125,617,466	$ 146,382,745	$ 559,744,773

The accompanying notes are an integral part of these financial statements.

Johnson County, Kansas

Reconciliation of the Balance Sheet of Governmental Funds To the Statement of Net Position

December 31, 2019

Total fund balance - all governmental funds		$ 266,768,632
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets, including infrastructure, used in governmental activities are not financial resources and therefore are not reported in the funds.		158,015,041
Less Internal Services Fund Capital Assets		(3,983,386)
Other deferred outflows of resources in governmental activities are not financial resources and therefore are not reported in the governmental funds:		
Deferred outflows - pensions		34,602,732
Deferred outflows - OPEB		2,004,387
Long-term liabilities, are not due and payable in the current period and therefore are not reported in the funds:		
Interest Payable	$ (199,278)	
Bonds:		
General obligation, net of unamortized premium of $1,902,571	(15,502,132)	
Special obligation	(315,000)	
Special assessment	(79,500)	
Compensated absences	(19,433,853)	
Total OPEB liability	(21,352,115)	
Capital lease obligations	(2,577,824)	
Net pension liability	(198,732,148)	
Total		(258,191,850)
Less Internal Services Fund Long Term Debt		136,707
Other deferred inflows of resources does not increase net position until a future period and therefore are not reported in the funds:		
Deferred inflows - pensions		(7,655,453)
Deferred inflows - OPEB		(6,278,138)
Internal service funds are used by management to charge costs of risk management and self-insured health care to the individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		33,919,682
Net position of governmental activities		$ 219,338,354

The accompanying notes are an integral part of these financial statements.

Johnson County, Kansas

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2019

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	$ 248,211,899	$ —	$ 117,843,965	$ 366,055,864
Intergovernmental	22,280,522	114	25,446,018	47,726,654
Charges for services	50,033,327	210,380	20,555,739	70,799,446
Investment earnings	9,433,861	84,894	2,229,482	11,748,237
Licenses and permits	1,846,643	—	1,497,102	3,343,745
Other	3,977,838	—	2,257,397	6,235,235
Total revenues	335,784,090	295,388	169,829,703	505,909,181
EXPENDITURES				
Current:				
General government	96,387,070	—	648,943	97,036,013
Public works	—	—	10,938,525	10,938,525
Public safety	155,264,100	—	4,673,531	159,937,631
Health and human services	22,055,758	—	76,814,542	98,870,300
Planning and economic development	3,661,011	—	—	3,661,011
Culture and recreation	881,609	—	29,213,611	30,095,220
Debt service:				
Principal retirement	18,771	578,928	1,814,300	2,411,999
Interest and fiscal charges	1,997	—	781,395	783,392
Capital outlay	25,341,193	36,674,268	8,036,754	70,052,215
Total expenditures	303,611,509	37,253,196	132,921,601	473,786,306
Excess (deficiency) of revenues over (under) expenditures	32,172,581	(36,957,808)	36,908,102	32,122,875
OTHER FINANCING SOURCES (USES)				
Transfers in	1,969,331	47,550,359	2,808,882	52,328,572
Transfers out	(17,163,493)	(1,144,880)	(42,499,453)	(60,807,826)
Proceeds from capital lease	—	—	3,136,678	3,136,678
General Obligation bonds issuance	—	2,994,600	18,088	3,012,688
Premium on bonds issued	—	—	2,916	2,916
Total other financing sources and uses	(15,194,162)	49,400,079	(36,532,889)	(2,326,972)
Net change in fund balances	16,978,419	12,442,271	375,213	29,795,903
Fund balances - beginning	100,588,261	93,901,337	42,483,131	236,972,729
Fund balances - ending	$ 117,566,680	$ 106,343,608	$ 42,858,344	$ 266,768,632

The accompanying notes are an integral part of these financial statements.

Johnson County, Kansas

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds To the Statement of Activities

For the Year Ended December 31, 2019

Net change in fund balances - all governmental funds			$ 29,795,903
Amounts reported for governmental activities in the statement of activities are different because:			
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital assets exceeded depreciation in the current period.			
	Capital Outlay	$ 10,318,704	
	Depreciation Expense	(15,301,957)	
	Net change		(4,983,253)
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and other similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.			
	Principal Retirement	1,833,071	
	Proceeds from capital leases	(3,136,678)	
	Proceeds From General Obligation bonds	(2,670,000)	
	Premium from bonds issued	(345,604)	
	Net change		(4,319,211)
Net gain (loss) on disposal of capital assets and infrastructure.			(125,381)
The net change in accrued interest on general obligation bonds is not a current source or use of financial resources and therefore not reported in the governmental funds.			589,341
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			13,619
Compensated absences expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.			(434,795)
OPEB expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.			(1,133,581)
Payment on capital leases. Repayment of capital leases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.			578,928
Payment of pension contributions is an expenditure in the governmental funds, but reduces the net pension liability in the statement of net position. Additionally, the effect of changes in deferred inflows and deferred outflows for the pensions are only recorded in the statement of activities.			(6,990,619)
Internal service funds are used by management to charge costs of risk management and self-insured health care to the individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.			10,563,486
Changes in net position of governmental activities			$ 23,554,437

The accompanying notes are an integral part of these financial statements.

Johnson County, Kansas

Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
General Fund
For the Year Ended December 31, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Taxes	$ 247,945,487	$ 247,945,487	$ 248,211,899	$ 266,412
Intergovernmental	24,884,487	24,884,487	22,280,522	(2,603,965)
Charges for services	51,415,656	51,415,656	50,033,327	(1,382,329)
Investment earnings	6,015,622	6,015,622	8,667,506	2,651,884
Licenses and permits	1,728,791	1,728,791	1,846,643	117,852
Other	7,493,933	7,493,933	3,977,838	(3,516,095)
Total revenues	339,483,976	339,483,976	335,017,735	(4,466,241)
EXPENDITURES				
Current:				
General government	101,664,850	101,664,850	96,433,894	5,230,956
Public safety	153,909,316	153,909,316	154,417,431	(508,115)
Health and human services	23,823,384	23,823,384	21,330,830	2,492,554
Planning and economic development	3,905,116	3,905,116	3,674,980	230,136
Culture and recreation	1,290,833	1,290,833	881,608	409,225
Capital outlay	41,129,563	41,129,563	25,538,675	15,590,888
Reserves	88,415,965	88,415,965	—	88,415,965
Total expenditures	414,139,027	414,139,027	302,277,418	111,861,609
Excess (deficiency) of revenues over (under) expenditures	(74,655,051)	(74,655,051)	32,740,317	107,395,368
OTHER FINANCING SOURCES (USES)				
Transfers in	2,786,950	2,786,950	1,969,331	(817,619)
Transfers out	(18,834,391)	(18,834,391)	(17,163,493)	1,670,898
Total other financing sources and uses	(16,047,441)	(16,047,441)	(15,194,162)	853,279
Net change in fund balances	(90,702,492)	(90,702,492)	17,546,155	$ 108,248,647
Fund balances - beginning	90,702,492	90,702,492	98,661,321	
Fund balances - ending	$ —	$ —	$ 116,207,476	

The accompanying notes are an integral part of these financial statements.

Johnson County, Kansas

Statement of Net Position

Proprietary Funds

December 31, 2019

	Business-type Activities - Enterprise Funds				Governmental Activities- Internal Service Funds
	Major				
	Wastewater	Public Building Commission	Non-Major Total	Total	
ASSETS					
Current assets:					
Deposits including investments	$ 166,724,420	$ 51,845,802	$ 12,005,741	$ 230,575,963	$ 40,199,358
Receivables					
(net of allowance for uncollectibles):	21,312,084	453,765	2,483,683	24,249,532	72,661
Due from other funds	—	—	—	—	—
Inventories	621,541	—	—	621,541	194,163
Prepaid items	299,965	—	—	299,965	61,117
Total current assets	188,958,010	52,299,567	14,489,424	255,747,001	40,527,299
Noncurrent assets:					
Restricted cash and investments	122,978,445	66,597,272	—	189,575,717	—
Capital assets:					
Land	655,258	2,148,094	7,239,486	10,042,838	—
Buildings	139,881,602	394,443,673	19,216,497	553,541,772	—
Improvements other than buildings	478,871,200	7,251,821	44,766,607	530,889,628	102,861
Machinery and equipment	285,263,775	1,926,449	29,892,226	317,082,450	9,688,191
Construction in progress	207,427,126	156,680,242	—	364,107,368	—
Infrastructure	—	—	2,280,695	2,280,695	—
Less accumulated depreciation	(538,667,023)	(113,843,569)	(60,750,376)	(713,260,968)	(5,807,666)
Total capital assets	573,431,938	448,606,710	42,645,135	1,064,683,783	3,983,386
Total noncurrent assets	696,410,383	515,203,982	42,645,135	1,254,259,500	3,983,386
TOTAL ASSETS	885,368,393	567,503,549	57,134,559	1,510,006,501	44,510,685
DEFERRED OUTFLOWS OF RESOURCES					
Pension deferred outflow	960,414	—	60,952	1,021,366	—
OPEB deferred outflow	129,314	—	21,553	150,867	—
	1,089,728	—	82,505	1,172,233	—
LIABILITIES					
Current liabilities					
Accounts payable	24,497,894	9,028,889	791,707	34,318,490	3,605,273
Salaries and wages payable	666,069	—	57,456	723,525	23,259
Interest payable	6,731,417	4,796,490	35,958	11,563,865	—
Loans payable	1,434,164	—	—	1,434,164	—
Due to other funds	—	—	—	—	—
Due to others	963	—	121,809	122,772	—
Unearned revenue	726,245	—	—	726,245	61,712
Compensated absences	114,058	—	5,939	119,997	12,170
Insurance claims payable	—	—	—	—	6,764,052
Bonds, capital leases, and other payables	26,684,365	24,913,338	185,689	51,783,392	—
Total current liabilities	60,855,175	38,738,717	1,198,558	100,792,450	10,466,466
Noncurrent liabilities:					
Compensated absences	1,167,199	—	60,775	1,227,974	124,537
Loans payable	14,781,418	—	—	14,781,418	—
Net pension liability	5,895,182	—	415,846	6,311,028	—
Total OPEB liability	1,377,553	—	229,594	1,607,147	—
Bonds, capital leases, and other payables	524,710,888	351,414,172	2,760,988	878,886,048	—
Total noncurrent liabilities	547,932,240	351,414,172	3,467,203	902,813,615	124,537
TOTAL LIABILITIES	608,787,415	390,152,889	4,665,761	1,003,606,065	10,591,003
DEFERRED INFLOWS OF RESOURCES					
Capital Finance Charges Receivable	470,616	—	—	470,616	—
Deferred revenue - grants revenue	—	—	—	—	—
Pension deferred inflow	159,475	—	13,737	173,212	—
OPEB deferred inflow	405,040	—	67,507	472,547	—
Unamortized portion of refunding	466,388	485,163	5,126	956,677	—
TOTAL DEFERRED INFLOWS OF RESOURCES	1,501,519	485,163	86,370	2,073,052	—
NET POSITION					
Net investment in capital assets	138,903,160	183,941,315	39,693,332	362,537,807	3,983,386
Unrestricted	137,266,027	(7,075,818)	12,771,601	142,961,810	29,936,296
TOTAL NET POSITION	$ 276,169,187	$ 176,865,497	$ 52,464,933	$ 505,499,617	$ 33,919,682

The accompanying notes are an integral part of these financial statements.

Johnson County, Kansas

Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2019

	Business-type Activities - Enterprise Funds				Governmental Activities-Internal Service Funds
	Major				
	Wastewater	Public Building Commission	Non-Major Total	Total	
Operating revenues:					
Charges for services	$ 128,553,423	$ 36,171,114	$ 4,023,111	$ 168,747,648	$ 67,483,936
Other	612,216	—	3,163,788	3,776,004	55,032
Total operating revenues	129,165,639	36,171,114	7,186,899	172,523,652	67,538,968
Operating expenses:					
Public works	70,997,090	—	—	70,997,090	—
Transportation	—	—	21,814,727	21,814,727	—
Fleet	—	—	—	—	3,613,462
Risk management	—	—	—	—	2,482,520
Self-insured health care	—	—	—	—	50,973,959
Workers compensation	—	—	—	—	2,112,148
Depreciation	26,480,454	10,743,969	4,216,460	41,440,883	1,265,597
Total operating expenses	97,477,544	10,743,969	26,031,187	134,252,700	60,447,686
Operating income (loss)	31,688,095	25,427,145	(18,844,288)	38,270,952	7,091,282
Nonoperating revenues (expenses):					
Investment earnings	9,189,754	3,469,825	166,042	12,825,621	535,987
Intergovernmental	316,683	314,897	2,642,737	3,274,317	—
Interest expense	(17,876,580)	(11,683,370)	(89,372)	(29,649,322)	—
Other	(69,552)	(1,915,741)	(202,065)	(2,187,358)	—
Total nonoperating revenues (expenses)	(8,439,695)	(9,814,389)	2,517,342	(15,736,742)	535,987
Income (loss) before contributions and transfers	23,248,400	15,612,756	(16,326,946)	22,534,210	7,627,269
Capital Contributions	—	—	7,140,526	7,140,526	—
Transfers in	75,754	—	7,188,308	7,264,062	2,939,457
Transfers out	(1,617,272)	—	(103,753)	(1,721,025)	(3,240)
Change in net position	21,706,882	15,612,756	(2,101,865)	35,217,773	10,563,486
Total net position - beginning	254,462,305	161,252,741	54,566,798	470,281,844	23,356,196
Total net position - ending	$ 276,169,187	$ 176,865,497	$ 52,464,933	$ 505,499,617	$ 33,919,682

The accompanying notes are an integral part of these financial statements.

Johnson County, Kansas

Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2019

	Business-type Activities - Enterprise Funds				Governmental Activities- Internal Service Funds
	Major				
	Wastewater	Public Building Commission	Non-Major Total	Total	
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from customers	$ 126,794,907	$ 39,461,465	$ 3,524,912	$ 169,781,284	$ —
Cash received from interfund services provided	—	—	—	—	62,320,976
Cash payments for goods and services	(50,006,983)	—	(21,258,991)	(71,265,974)	(58,160,771)
Cash payments to employees for services	(18,008,097)	—	(1,548,975)	(19,557,072)	(1,468,645)
Other operating cash receipts	612,216	—	3,163,788	3,776,004	4,943,298
Net cash provided by (used for) operating activities	59,392,043	39,461,465	(16,119,266)	82,734,242	7,634,858
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Intergovernmental	316,683	314,897	2,642,737	3,274,317	—
Transfers from other funds	75,754	—	7,188,308	7,264,062	2,939,457
Transfers to other funds	(1,617,272)	—	(103,753)	(1,721,025)	(3,240)
Net cash provided by (used for) noncapital financing activities	(1,224,835)	314,897	9,727,292	8,817,354	2,936,217
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Acquisition and construction of capital assets	(108,120,386)	(112,970,411)	5,107,171	(215,983,626)	(950,991)
Proceeds from bonds and loans	19,495,000	1,390,000	—	20,885,000	—
Principal paid on bonds, notes and loans	(32,064,431)	(24,545,000)	(170,160)	(56,779,591)	—
Interest paid on bonds, notes, leases and loans	(18,283,632)	(11,931,605)	(92,227)	(30,307,464)	—
Net cash provided by (used for) capital and related financing activities	(138,973,449)	(148,057,016)	4,844,784	(282,185,681)	(950,991)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest and dividends on investments	9,189,754	3,469,825	166,042	12,825,621	535,987
Net cash provided by investing activities	9,189,754	3,469,825	166,042	12,825,621	535,987
Net increase (decrease) in cash and cash equivalents	(71,616,487)	(104,810,829)	(1,381,148)	(177,808,464)	10,156,071
Cash and cash equivalents at beginning of year	361,319,352	223,253,903	13,386,889	597,960,144	30,043,287
Cash and cash equivalents at end of year	$ 289,702,865	$ 118,443,074	$ 12,005,741	$ 420,151,680	$ 40,199,358

(Continued)

Johnson County, Kansas

Statement of Cash Flows

Proprietary Funds (Continued)

For the Year Ended December 31, 2019

	Business-type Activities - Enterprise Funds				Governmental Activities- Internal Service Funds
	Major				
	Wastewater	Public Building Commission	Non-Major Total	Total	
Reconciliation of operating income to net cash provided by (used for) operating activities					
Operating income (loss)	$ 31,688,095	$ 25,427,145	$ (18,844,288)	$ 38,270,952	$ 7,091,282
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	26,480,454	10,743,969	4,216,460	41,440,883	1,265,597
Changes in assets and liabilities:					
(Increase) decrease in accounts receivable	(1,757,298)	500,773	(723,412)	(1,979,937)	179,605
(Increase) decrease in inventory	(79,228)	—	—	(79,228)	(31,374)
(Increase) decrease in prepaid expenses	(247,092)	—	—	(247,092)	427
(Increase) decrease in due from other funds	—	—	235,040	235,040	—
Increase (decrease) in accounts payable	3,017,135	2,789,578	(994,259)	4,812,454	(575,112)
Increase (decrease) in salaries and wages payable	31,125	—	10,093	41,218	5,472
Increase (decrease) in due to other funds	—	—	—	—	(235,040)
Increase (decrease) in deferred revenue	(1,218)	—	(9,827)	(11,045)	(39,654)
Increase (decrease) in compensated absences payable	61,404	—	(31,376)	30,028	11,408
Increase (decrease) in insurance claims payable	—	—	—	—	(37,753)
Increase (decrease) in net pension liability	68,441	—	5,514	73,955	—
Increase (decrease) in pension deferred outflows	83,048	—	6,691	89,739	—
Increase (decrease) in pension deferred inflows	(25,956)	—	(2,091)	(28,047)	—
Increase (decrease) in total OPEB liability	(151,603)	—	(25,266)	(176,869)	—
Increase (decrease) in OPEB deferred inflows	15,567	—	2,594	18,161	—
Increase (decrease) in OPEB deferred outflows	209,169	—	34,861	244,030	—
Total adjustments	27,703,948	14,034,320	2,725,022	44,463,290	543,576
Net cash provided by (used for) operating activities	$ 59,392,043	$ 39,461,465	$ (16,119,266)	$ 82,734,242	$ 7,634,858
Deposits including investments	$ 166,724,420	$ 51,845,802	$ 12,005,741	$ 230,575,963	$ 40,199,358
Restricted cash and investments	122,978,445	66,597,272	—	189,575,717	—
Cash and cash equivalents at the end of year	$ 289,702,865	$ 118,443,074	$ 12,005,741	$ 420,151,680	$ 40,199,358

The accompanying notes are an integral part of these financial statements

Johnson County, Kansas

Statement of Fiduciary Net Position

Fiduciary Funds

December 31, 2019

	Employee Retirement Plan Funds	Agency Funds
ASSETS		
Cash and cash equivalents	$ 1,930,099	$ 764,995,497
Receivables (net of allowance for uncollectibles):		
Taxes Receivable	—	602,982,943
Investments restricted for:		
Employee retirement		
Equity securities:		
Domestic	33,933,054	—
International	10,826,554	—
Debt securities:		
US Government	880,101	—
Domestic	9,170,127	—
International	—	—
Annuities	18,826	—
Total assets	56,758,761	$ 1,367,978,440
LIABILITIES		
Accounts payable	—	43,397
Agency obligations	—	1,367,935,043
Due to Others	18,826	—
Total liabilities	18,826	$ 1,367,978,440
NET POSITION		
Net position restricted for pension benefits	$ 56,739,935	

The accompanying notes are an integral part of these financial statements.

Johnson County, Kansas

Statement of Changes in Fiduciary Net Position

Fiduciary Funds

For the Year Ended December 31, 2019

	Employee Retirement Plan Funds
ADDITIONS	
Contributions:	
Employer	$ 3,931,917
Total contributions	3,931,917
Investment earnings:	
Net increase (decrease) in the fair value of investments	10,624,331
Total investment earnings	10,624,331
Total additions	14,556,248
DEDUCTIONS	
Benefits	3,313,268
Total deductions	3,313,268
Change in net position	11,242,980
Net position - beginning	45,496,955
Net position - ending	$ 56,739,935

The accompanying notes are an integral part of these financial statements.

Notes to the Financial Statements

1. Summary of Significant Accounting Policies

The accompanying financial statements of Johnson County, Kansas (the County) have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). GASB is the standard setting body for government accounting and financial reporting principles. The accounting policies of the County conform to accounting principles generally accepted in the United States of America (GAAP) applicable to governmental units. The following information summarizes the significant accounting policies of the County.

A. The Reporting Entity

The County is governed by the Board of County Commissioners (BOCC), which consists of a Chairman and six district commissioners. The Chairman of the Commission is elected on a countywide basis and serves as a full-time County official. The six District Commissioners serve as part-time County officials and are elected by residents in specific geographical areas, or districts, of the County. The Board meets in regular business session once each week. The Commissioners serve staggered, four-year terms with no term limitations.

As required by accounting principles generally accepted in the United States of America, these financial statements present the County (the primary government) and its component units, entities for which the County is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. A separate column is presented for each major component unit, with a single column for all nonmajor component units in the aggregate (see note below for description) to emphasize that it is legally separate from the government. The primary government and each blended and discretely presented component unit all have a December 31st year end.

Blended Component Unit

Johnson County Public Building Commission (PBC): The Board of County Commissioners serves as the governing body of the PBC. Although a separate legal entity, the PBC is accounted for as an enterprise fund within the County's financial statements because its purpose is to acquire or construct facilities, and lease those facilities to the County and other governmental agencies. The County performs administrative and accounting services for the PBC.

Discretely Presented Component Units

Johnson County Park and Recreation District (Park District): The Park District is governed by a seven-member board appointed by the Board of County Commissioners. However, the County is financially accountable for the Park District because the County's commission approves the Park District's budget and levies taxes. The County provides some administrative and accounting services to the Park District. The Park District is legally separate from the County. Special legislation was created to provide a mechanism for the provision of park and recreational services to Johnson County through the formation of a Park and Recreation District. Such legislation required that a valid petition be submitted to a vote by the Board of County Commissioners. Once the petition was approved by the Commissioners the District was then mandated to provide park and recreational services as outlined in the Kansas Statute 19-2863. Separately issued financial statements are prepared for the Park District. The Park District has governmental and enterprise funds.

The Park District's financial statements include the Park and Recreation Foundation of Johnson County (the Foundation) as a blended component unit. Although a separate legal entity, the Foundation is accounted for as an enterprise fund within the Park District's financial statements because its purpose is to acquire or construct facilities, and lease those facilities to the Park District or other park agencies.

Johnson County Fire Districts (Fire Districts): The four Fire Districts are governed by three-to-seven member boards appointed by the Board of County Commissioners. However, the County is financially accountable for the Fire Districts because the County's commission approves the Fire Districts' budgets and levies taxes. The County provides some administrative and accounting services to the Fire Districts. The Fire Districts are legally separate from the County. Separately issued financial statements are prepared for each Fire District. The Fire Districts have governmental funds.

Complete financial statements for the Park and Recreation District may be obtained at the entity's administrative offices:

Park and Recreation District
7900 Renner Road
Lenexa, Kansas 66218

B. Government-wide and Fund Financial Statements

The government-wide financial statements consist of the statement of net position and the statement of activities. These statements report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been eliminated from the government-wide financial statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely, to a significant extent, on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct and indirect expenses that are clearly identifiable of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Indirect expenses are allocated based on the annual Countywide Cost Allocation Plan. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions, including special assessments, that are restricted to meeting the operation or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Agency funds, which are fiduciary funds, do not have a measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

Governmental funds financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within sixty days of the end of the current fiscal year. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met. Expenditures generally are recorded when the related fund liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Licenses, interest, special assessments and charges for services and other miscellaneous revenue are all considered to be susceptible to accrual and have been recognized as revenue in the current fiscal period. Property taxes levied during the current year are revenue sources to be used to finance the budget of the ensuing fiscal year and consequently are not subject to accrual. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

A double step-down allocation procedure has been used to distribute costs among central services and to other County departments that receive benefits. The double step-down procedure initially requires a sequential ordering of agencies. Department indirect cost allocations are then made in order selected to all benefiting programs, including cross allocations to other central services. To ensure that the cross-benefit of services among central services is fully recognized, a second step down allocation for each central service is made.

The accounts of the County are organized and operated on the basis of individual funds, each of which is defined as a separate accounting entity. The operations of each fund are recorded in a set of self-balancing accounts established for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. In accordance with state statutes and County resolutions, several different types of funds are used to record the County's financial transactions. For financial reporting, they are grouped and presented as follows:

The County reports the following major governmental funds:

The **General** fund is the principal operating fund of the County and accounts for all financial transactions of the County, except those required to be accounted for in a separate fund.

The **Capital Projects** fund accounts for financial resources to be used for the acquisition or construction of major capital improvements, other than those financed by proprietary funds.

The County reports the following major proprietary funds:

The **Johnson County Wastewater** fund provides sanitary sewer service for residential and business properties inside its service area.

The **Public Building Commission** fund accounts for all activities of the Public Building Commission.

Additionally, the County reports the following fund types:

Governmental Fund Types:

The Debt Service fund accumulates resources to pay maturing principal and interest on general long-term debt, including certain special assessments, which are general obligations of the County, excluding the debt which is accounted for in proprietary funds.

Special Revenue funds provide full budgetary accountability for the proceeds of specific revenue sources that are restricted by law or administrative action to be expended for specified purposes.

Proprietary Fund Types:

Enterprise funds account for operations of which it is the stated intent that the cost of providing a service to the public on a continuing basis be financed or recovered primarily through user charges. An example of an enterprise fund within the County is the Wastewater Operations & Maintenance fund, which provides wastewater collection, transportation, and treatment services to the public.

Internal Service funds provide the financing of goods or services provided to other departments of the County or to other governments on a cost reimbursement basis. An example of an internal service fund within the County is the self-insured health care fund, which is funded through employer and employee contributions and provides health care benefits to County employees.

Fiduciary Fund Types:

Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. They are used to account for assets held by the County as an agent for individuals, private organizations or other governmental units. An example of an agency fund within the County is the medical reimbursement fund which holds monies of those County employees who have chosen to designate certain deductions from their salary as pre-tax for the explicit purpose of medical claims or dependent care through flexible spending accounts as authorized by the IRS.

Employee Retirement Plan Funds are the supplemental pension plan contributions from the County and the earnings and profits from those funds. Disbursements are made for retirements and withdrawals.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments and charges between the enterprise funds and various government funds for services provided. Elimination of these transactions would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include: (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the fund's principal ongoing operations. The principal operating revenues of the County's enterprise and internal service funds are charges for customer services including: rent, wastewater charges, and public transportation fees. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Deposits and Investments

Cash from all funds except for the Public Building Commission, the Park and Recreation District Component Unit, the Fire Districts, and proceeds from the sale of bonds and general obligation notes, is pooled for the purpose of increasing income through investment activities. Investments, which have a remaining maturity at time of purchase of one year or less, are stated at fair value, which approximates amortized cost. All other investments are stated at fair value as determined by quoted market prices. Investments principally consist of United States Treasury and Agency securities, certificates of deposit, and cash held in money market funds.

The Park District is authorized by Statute to invest public funds in collateralized public deposits, obligations of the United States government, its agencies and instrumentalities and State of Kansas Municipal Investment Pool. The Park District has no investment policy that would further limit its investment choices.

Investment income is allocated to the designated funds on the basis of the ending monthly cash balance which is contrary to Kansas State Statutes. Investment income which is not allocated is credited to the General Fund. Interest revenue is susceptible to accrual and has been reported within these financial statements. Cash proceeds from the Public Building Commission and from the sale of bonds and general obligation notes are maintained separately and invested primarily in Government Money Market funds and United States Treasury and Agency securities.

All banks and savings associations are required to pledge to the County, the PBC and the Park District an aggregate market value investment in U.S. Treasury obligations, other U.S. Agency obligations and Kansas municipal bonds to provide a minimum of 100% collateralization for all deposits.

Cash and cash equivalents, for purposes of the statement of cash flows, refer to cash on hand, cash in demand accounts at financial institutions, and short-term, highly liquid investments that are readily convertible to known amounts of cash and so close to maturity that they present insignificant risk of change in value due to changes in interest rates. Because proprietary funds participate in the County's investment pool, their access is equivalent to cash and cash equivalents.

E. Property Tax Receivable

In accordance with governing state statutes, property taxes levied during the current year are revenue sources to be used to finance the budget of the ensuing fiscal year. Taxes are assessed on a calendar year basis, and are levied and become a lien on the property on November 1st in the year of assessment. The County Treasurer is the tax collection agent for all taxing entities within the County. Property owners have the option of paying one-half or the full amount of the taxes on or before December 20th during the year levied with the balance to be paid on or before May 10th of the ensuing year. State statutes prohibit the County Treasurer from distributing taxes collected in the year levied prior to January 1st of the ensuing year. On December 31, 2019, such taxes are a lien on the property and are recorded as taxes receivable, net of 2.10% uncollected taxes for the current year tax roll, with a corresponding amount recorded as deferred inflows of resources.

F. Other Taxes and Revenues

Recognized state-shared taxes, such as gas tax or liquor tax, represent payments received during the current fiscal period.

Federal and state grant aid is reported as revenue when the related reimbursable expenditures are incurred. Unrestricted aid is reported as revenue in the fiscal year the entitlement is received. Charges for services are generally susceptible to accrual and are recorded as revenue when earned.

Fees, fines, forfeitures and other revenues are generally not susceptible to accrual and are recorded when received in cash.

G. Inventories

Inventories for the County and the Park District are valued at cost using the first-in, first-out method. Inventories in governmental funds are recorded as expenditures when consumed. Unconsumed inventories in governmental funds are equally offset by non-spendable fund balance to indicate that portion of fund balance is not in spendable form. Inventories recorded in the proprietary funds primarily consist of maintenance and supplies. Inventories are expensed as the supplies are consumed.

H. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

I. Restricted Assets

Certain proceeds of the County, Park District's, and Fire Districts' bonds are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable contract covenants.

J. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County, Park District, and Fire Districts as assets costing $10,000 or more and having a useful life of five years or more. Infrastructure assets are defined by the County as assets costing $100,000 or more and having a useful life of five years or more. Intangible assets are defined by the County as assets costing $1,000,000 or more and having a useful life of five years or more. Interest is also included in the capitalization threshold. Capital assets are recorded at cost or estimates of the original cost. Donated assets are recorded at acquisition value at the date of the gift.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets may be financed from current cash or the cash proceeds received from the sale of general obligation notes, bonds or certificates of participation.

Depreciation of capital assets, including capital leases, is calculated utilizing the straight-line method over the following estimated useful lives:

Buildings and structures	15 to 50 years
Machinery and equipment	5 to 15 years
Infrastructure:	
Roads	15 to 50 years
Bridges	25 to 50 years
Other	5 to 50 years

K. *Special Assessments*

As required by state statutes, projects financed in whole or in part by special assessments are financed through the issuance of general obligation bonds which are secured by the full faith and credit of the County. Further, state statutes permit levying additional general ad valorem property taxes in the County Debt Service Fund to finance delinquent special assessments receivable. All non-wastewater special assessments receivable are accounted for within the Debt Service Fund. Special assessments related to Wastewater District projects are accounted for in the Wastewater Enterprise Fund.

All special assessment taxes are levied over a ten to twenty year period and the annual installments are due and payable with annual ad valorem property taxes. The County may foreclose liens against property benefited by special assessments when delinquent. For Johnson County Wastewater, receivables and corresponding revenue are recorded for special assessments.

L. *Compensated Absences*

The County, Park and Recreation District (Park District), and Fire Districts permit full-time and certain part-time employees to accumulate vacation based upon tenure, with most employees limited to a maximum of 24 calendar days. Upon termination or resignation from County, Park District, or Fire District service, employees are entitled to payment for their maximum allowable accrued vacation earned prior to termination or resignation.

All full-time and certain part-time employees of the County, Park District, and Fire Districts accrue sick leave at the rate of one calendar day per month for full-time, and one-half day for part-time employees, with no maximum accumulation. Upon separation from service, employees are compensated for 20% of unused sick pay.

Vacation and sick pay are recorded as a liability at 100% of accrued vacation and 20% of accrued sick time for the County, Park District, and Fire Districts. Accrued vacation and sick pay for the County, Park District, and Fire Districts is calculated using the current salary rate of employees and reflects the vested portion. In the governmental fund types, the amount of vacation and sick leave benefits included in expenditures for the current year represents the amount liquidated during the year with expendable available resources for the County, Park District, and Fire Districts. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

In proprietary funds within the County and the Park District, vacation and sick pay benefits are accrued when incurred, and reported as a fund liability/expense.

M. *Long-term obligations*

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

In the fund financial statements, governmental fund types report the face amount of debt issued as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

N. *Fund Balance Policy*

As prescribed by GASB Statement No. 54, governmental funds report fund balance classifications based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. As of December 31, 2019, fund balances for governmental funds are made up of the following:

- *Nonspendable Fund Balance* - includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example: inventories, prepaid amounts, and long-term notes receivable.
- *Restricted Fund Balance* - includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.
- *Committed Fund Balance* - includes amounts that can only be used for specific purposes determined by a formal action of the County's highest level of decision-making authority, the County's Board. Commitments are established by, and may only be changed or lifted by, a resolution adopted by the County's Board.
- *Assigned Fund Balance* - comprises amounts intended to be used by the County for specific purposes that are neither restricted nor committed. For this type of fund balance, it is the County's policy that spending authority is delegated to management by the County's Board.
- *Unassigned Fund Balance* - is the residual classification for the General Fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose.

In circumstances when an expenditure is made for a purpose which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned, and unassigned.

O. *Net Position*

The government-wide and proprietary fund financial statements utilize a net position presentation. Net position is measured as the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. Net position is categorized as net investment in capital assets, restricted, and unrestricted.

- *Net investment in capital assets* groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce the balance in this category. Net investment in capital assets excludes unspent bond proceeds.
- *Restricted net position* reflects net position that is subject to constraints either (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (2) imposed by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the County to assess, levy, charge, or otherwise mandate payment of resources and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. A legally enforceable enabling legislation restriction is one that a party external to a government - such as citizens, public interest groups, or the judiciary - can compel a government to honor.
- *Unrestricted net position* represents net position of the County that is not restricted for any project or purpose.

P. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of certain assets, liabilities, revenues, expenditures, expenses, and other disclosures. Accordingly, actual results could differ from those estimates.

Q. Financial Reporting of Deferred Outflows and Deferred Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has three items that qualify for reporting in this category in the government-wide statement of net position, Deferred Charge on Refunding, Deferred Outflows for Pensions, and Deferred Outflows for Other Post Employment Benefits (OPEB). A Deferred Charge on Refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. See note 1.R and 14 respectively for more information on the deferred outflows for pensions and OPEB.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has six types of items that qualify for reporting in this category: Property Tax Receivable, Capital Finance Charges Receivable, Deferred Portion on Refunding, Unavailable Revenue, Deferred Inflows for Pensions, and Deferred Inflows for Other Post Employment Benefits (OPEB). These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Unavailable revenue, which arises only under a modified accrual basis of accounting, is reported only in the governmental funds balance sheet. Property taxes are not recognized as revenue until the period for which they are levied. The County has received resources before time requirements are met, but after all other eligibility requirements have been met, and reports them as deferred inflows of resources. Deferred Inflows for Pensions and OPEB are reported on the government-wide statement of net position. See Note 1.R and 14 respectively for more information on deferred inflows for pensions and OPEB.

R. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Kansas Public Employees Retirement System (KPERS) and additions to/deductions from KPERS' fiduciary net position have been determined on the same basis as they are reported by KPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

2. Stewardship, Compliance and Accountability

A. Budgetary Information

The County is required by state statutes to adopt annual budgets for most funds. All Governmental funds, with the exception of the Library Gift and Capital Projects funds, are budgeted funds. All Enterprise funds (except PBC) and Internal Service funds (except Self-Insured Health Care) are also budgeted funds.

The Park District is required by state statute to adopt annual budgets for the General Fund, Employee Benefit Fund and the General Obligation Bond Retirement Fund. A statutory budget is also required for the Park District's Enterprise fund.

The statutes provide for the following sequence and timetable in the adoption of the legal annual Capital and Operating Budget (the budget) for both the County and the Park District:

1. Preparation of the preliminary budget for the succeeding calendar year on or before July 1st.
2. Publication of the proposed budget in local newspaper and notice of public hearing on the budget on or before August 5th.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

State statutes provide that the County and the Park District may not legally exceed the aggregate total of budgeted expenditures in any individual fund. The legal level of budgetary control is the aggregate total at the fund level. The County Manager, without approval of the governing body, may approve transfers between individual expenditure classifications (e.g. General Government, Public Safety). No increase in total expenditure authority for a fund may be made, except through the public hearing process described below.

State statutes permit original budgets to be increased for previously unbudgeted increases in revenue other than ad valorem property taxes. The County and the Park District must first hold a public hearing to amend the budget. The governing body may amend the budget at the time of the public hearing.

All legal operating budgets are prepared using the modified accrual basis of accounting, modified further by the encumbrance method of accounting. For budgetary purposes, revenues are recognized when the revenues are both measurable and available to finance expenditures of the current fiscal period. Changes in fair value of investments are recorded for GAAP basis, but not for budgetary basis. Expenditures include disbursements, accounts payable and encumbrances. Encumbrances are commitments for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Encumbrances outstanding at year end are reported as part of fund balances for governmental funds and do not constitute expenditures or liabilities because the commitments will be honored in the subsequent year. Unencumbered appropriations lapse at the end of the year. Inventory is recorded as an asset for governmental fund types for GAAP basis but not for budgetary basis.

A reconciliation of revenues and expenditures/expenses under GAAP to budgeted revenues and expenditures/expenses for the Primary Government is as follows:

Reconciliation of Fund Balance
Budgetary Basis to GAAP Basis
for the General Fund

Fund balance, budgetary basis	$	116,207,476
Investments change in fair value		474,716
Current Year Encumbrances		1,220,711
GAAP Contractual		(632,897)
Inventory		296,674
Fund balance, GAAP basis	$	117,566,680

3. Deposits and Investments

The County has adopted a formal investment policy. The primary objectives for investments are (in order of priority) preservation of capital and protection of principal, security of County funds and investments, maintenance of sufficient liquidity to meet operating needs, diversification of investments to avoid unreasonable or avoidable risks, and maximization of return on the investments. All available funds shall be invested in conformance with legal and administrative guidelines at the highest rates obtainable at the time of investment. Investments shall be managed in a manner responsive to the public trust and consistent with state and local law.

State statutes authorize the County and Fire Districts to invest in United States Treasury and Agency securities, collateralized public deposits, and the State of Kansas Municipal Investment Pool, certain money market securities and funds, and investment agreements with financial institutions. The County's cash manager will apply the "prudent investor" rule, which states: "Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived."

State statutes authorize the Park District to invest in collateralized public deposits, obligations of the United States government, its agencies and instrumentalities and State of Kansas Municipal Investment Pool. Restricted assets for the Park District consist of investments held by the trustee for future qualified capital expenditures and bond reserve funds. There is not a policy that limits investments in the Supplemental Retirement Plan.

The following is a breakdown of the County's cash by fund type:

Reconciliation of Cash			
	Deposits Including Investments	Restricted Cash and Investments	Total
Government-type activities	$ 324,244,098	$ —	$ 324,244,098
Business-type activities	230,575,963	189,575,717	420,151,680
Agency funds	764,995,497	—	764,995,497
Total	$ 1,319,815,558	$ 189,575,717	$ 1,509,391,275

A breakdown of the Park and Recreation District's cash by fund type is below:

Reconciliation of Park and Recreation Unit Cash			
	Governmental Activities	Business-type Activities	Total
Deposits including investments	$ 32,139,616	$ 9,805,359	$ 41,944,975
Restricted cash and investments	14,925,129	163,279	15,088,408
Total	$ 47,064,745	$ 9,968,638	$ 57,033,383

A breakdown of the Fire District's cash is below:

Reconciliation of Fire District Unit Cash	
	Governmental Activities
Deposits and investments	$ 12,482,170
Restricted deposits and investments	10,535,200
Total	$ 23,017,370

At year-end, a reconciliation of deposits and investments is as follows:

Reconciliation of Deposits and Investments			
	Primary Government	Park and Recreation	Fire Districts
Cash on hand	$ 53,091	$ —	$ —
Carrying amount of deposits	14,961,983	3,602,252	23,017,370
Carrying amount of investments	1,494,376,201	53,431,131	—
Total deposits and investments	$ 1,509,391,275	$ 57,033,383	$ 23,017,370
Deposits including investments	$ 1,319,815,558	$ 41,944,975	$ 12,482,170
Restricted cash and investments	189,575,717	15,088,408	10,535,200
Total deposits and investments	$ 1,509,391,275	$ 57,033,383	$ 23,017,370

As of December 31, 2019, the County had the following investments:

Johnson County's Schedule of Investments at December 31, 2019				
	Interest Rates	Maturities	Par Value	Fair Value
County Investments:				
Money Market Mutual Funds	1.500%	On demand	$ 67,403,399	$ 67,403,399
Certificate of Deposit	1.360-1.500%	1/17/2020-05/22/2020	35,000,000	35,000,000
Kansas Municipal Investment Pool	0.0125		7,252	7,252
Treasury Securities - Coupon	1.507-2.030%	01/15/2020-08/31/2020	182,300,000	182,233,895
Treasury Securities - Discount	1.331-1.497%	01/16/2020-03/19/2020	213,000,000	212,824,860
Federal Agency Discount Notes:				
Federal Home Loan Bank	1.412-1.556%	1/16/2020-07/30/2020	505,520,000	504,464,001
Federal Home Loan Mtge Corp	1.481-1.552%	03/18/2020-09/18/2020	64,000,000	63,558,494
Federal National Mtge Association	1.422%	1/17/2020	85,600,000	85,545,926
Federal Agency Issues:				
Federal Farm Credit Bank	1.614-2.121%	02/10/2020-07/24/2023	119,000,000	119,296,176
Federal Home Loan Bank	1.684-2.207%	08/28/2020-10/28/2021	30,000,000	29,974,730
Federal Home Loan Mtge Corp	1.751-2.140%	09/28/2020-09/19/2023	125,750,000	125,768,121
Federal National Mtge Association	1.610-1.752%	03/27/2020-9/15/2020	45,000,000	44,925,165
Total County Investments			$ 1,472,580,651	$ 1,471,002,019
Funds held with Trustee (Restricted for Refunded Debt):				
Debt securities				23,374,182
Total Investments				$ 1,494,376,201

Fair Value Measurements. The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the investment.

Level 1 inputs are quoted prices in active markets for identical assets.

Level 2 inputs are significant other observable inputs, either directly or indirectly observable, and fair value can be determined through the use of models or other valuation methodologies.

Level 3 inputs are significant unobservable inputs in situations where there is little or no market activity for the asset or liability and the entity makes estimates and assumptions related to the pricing of the asset or liability including assumptions regarding risk.

The County has the following recurring fair value measurements as of year-end:

U.S. Treasury Securities are classified in Level 1 and are valued using prices quoted in active markets for those identical securities.

U.S. Government Agency Securities and Repurchase Agreement are classified in Level 2 and are valued using matrix pricing, valuing securities based on the securities' relationship to benchmark quoted prices.

The County's Supplemental Pension Trust Fund has the following recurring fair value measurements as of year-end:

Mutual Funds and Index Funds

These investments are valued using the Net Asset Value (NAV) provided by the administrator of the fund. The NAV is based on the value of the underlying assets owned by the fund, minus the liabilities, and then divided by the number of shares outstanding. The NAV is a quoted price in an active market and classified within level 1 of the valuation hierarchy.

The Park Foundation has the following recurring fair value measurements as of year-end:

Money Market Funds are classified within Level 1 and are valued using $1/unit for the Net Asset Value (NAV).

Mutual Funds are classified within Level 1 and are valued using the NAV provided by the administrator of the fund.

Common Stock are classified within Level 1 and are valued based on a quoted price in an active market.

The fair value hierarchy levels of the County's investments as of December 31, 2019, were classified as shown below:

Johnson County's
Cash Equivalents and Investments by fair value level at December 31, 2019

Investments	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments subject to fair value hierarchy:				
U.S. Government Agency Securities	$ 973,532,613	$ —	$ 973,532,613	$ —
U.S. Treasury Securities	395,058,755	395,058,755	—	—
Total investments subject to fair value hierarchy	$1,368,591,368	$ 395,058,755	$ 973,532,613	$ —
Investments not subject to fair value hierarchy:				
Fidelity Govt Money Market Mutual Funds	67,403,399			
Fixed Certificates of Deposit (non-negotiable)	35,000,000			
Kansas Municipal Investment Pool	7,252			
Total investments not subject to fair value hierarchy	$ 102,410,651			
Total Investments	$1,471,002,019			

The maturities of the County's investments as of December 31, 2019, were classified as shown below:

Johnson County's
Schedule of Investments at December 31, 2019

	Fair Value	Investment Maturities in Years: Less than 1	1-5
Money Market Mutual Funds	$ 67,403,399	$ 67,403,399	$ —
Certificates of Deposit	35,000,000	35,000,000	—
Kansas Municipal Investment Pool	7,252	7,252	—
Treasury Securities - Coupon	182,233,895	182,233,895	—
Treasury Securities - Discount	212,824,860	212,824,860	—
Federal Agency Discount Notes:			
Federal Home Loan Bank	504,464,001	504,464,001	—
Federal Home Loan Mtge Corp	63,558,494	63,558,494	—
Federal National Mtge Association	85,545,926	85,545,926	—
Federal Agency Issues:			
Federal Farm Credit Bank	119,296,176	60,080,665	59,215,511
Federal Home Loan Bank	29,974,730	9,971,730	20,003,000
Federal Home Loan Mtge Corp	125,768,121	10,000,041	115,768,080
Federal National Mtge Association	44,925,165	44,925,165	—
Total County Investments	$ 1,471,002,019	$ 1,276,015,428	$ 194,986,591

The County's Supplemental Pension Trust Fund had the following investments and maturities as of December 31, 2019, as shown below:

Investment Type	Fair Value	Moody's Rating	Standard & Poor's Rating	Fair Value Hierarchy
Fixed Income Funds	$ 1,930,099	N/A	N/A	Level 1
US Equities Funds	33,933,054	N/A	N/A	Level 1
International Equities Funds	10,826,554	N/A	N/A	Level 1
US Bonds Funds	9,170,127	N/A	N/A	Level 1
Governmental Bonds Funds	880,101	N/A	N/A	Level 1
Annuities	18,826	N/A	N/A	Level 1
Total Investments	$ 56,758,761			

Restricted cash and investments totaling $56,758,761 were reported as restricted and Held in Trust for Pension Benefits within the Supplemental Pension Trust Fund Statement of Fiduciary Net Position.

None of the investments in the County's Supplemental Pension Trust Fund are exclusively for debt. Therefore, there is no interest rate risk to disclose.

The Park District has investments held in the State Municipal Investment Pool, in a Security Bank of Kansas City Money Market Investment, and Community Foundation investments. The State Treasurer operates the municipal investment pool. This pool is not a Security Exchange Commission (SEC) registered pool. The pool's fair value, listed below, is the same as the value of the pool shares. The Pooled Money Investment Board provides regulatory oversight for this pool.

Restricted Investments for the Park District are held by the Trustee in various money market investments for bond reserves and future capital expenditures. These investments are authorized by the bond covenants. The Park District had the following investments as of December 31, 2019:

Investment Type	Fair Value	Maturities	Moody's Rating	Standard & Poor's Rating	Fair Value Hierarchy
Kansas Municipal Investment Pool	$ 38,342,723	Current	N/A	AAAf/S1+	N/A
SBKC Money Market Investment	14,925,129	Current	N/A	AAAm	N/A
Community Foundation Pool	360	N/A	N/A	N/A	N/A
Community Foundation - Money Market	11,189	N/A	N/A	N/A	Level 1
Community Foundation - Fixed Income Funds	33,410	N/A	N/A	N/A	Level 1
Community Foundation - Equity Funds	113,486	N/A	N/A	N/A	Level 1
Community Foundation - Common Stock	4,834	N/A	N/A	N/A	Level 1
Community Foundation - Foreign Equity Funds	—	N/A	N/A	N/A	Level 1
Community Foundation - Real Estate Investment Trusts & Funds	—	N/A	N/A	N/A	Level 1
	$ 53,431,131				

Interest Rate Risk. Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater is the sensitivity of its fair value to changes in market interest rates. As a means to limiting its exposure to fair value losses arising from rising interest rates, the County's investment policy limits its investment operating portfolio to maturities with a weighted average of less than eighteen months and its long-term portfolio to maturities with a weighted average of less than three years. As of December 31, 2019, the County's combined weighted average of all investments is 163 days. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Custodial Credit Risk. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to the government. Investments are exposed to custodial credit risk if the securities are uninsured or not collateralized, are not registered in the name of the government, or are held by the counterparty or the counterparty's trust department but not in the government's name. All deposits were fully insured by the Federal Deposit Insurance Corporation (F.D.I.C.), or fully collateralized by collateral held by the County and Fire District or their agents in the County's and Fire District's names. The County's investment policies and procedures state that all investments shall be held in the name of Johnson County, Kansas. As of December 31, 2019 the County has $165,000,000 exposed to custodial credit risk.

All deposits were fully insured by the Federal Deposit Insurance Corporation (F.D.I.C.), or fully collateralized by collateral held by the Park District or its agents in the District's name. As of December 31, 2019, none of the Park District's bank balances with financial institutions were exposed to custodial credit risk. The Park District requires all banks to pledge to the Park District an aggregate market value investment in U.S. Treasury obligations and other U.S. agency obligations to provide a minimum of 100 percent collateralization for all deposits. As of December 31, 2019, cash and money market funds in the amount $0 were held at the Foundation's brokerage firm, were exposed to custodial credit risk. The District does not have a policy regarding investment custodial credit risk.

Credit Risk. As of December 31, 2019, County funds not held in depository accounts had been invested in certificates of deposits, Government money market funds, the state municipal investment pool, U.S. Treasury notes, U.S. Treasury Bills, and the following Government Sponsored Enterprise (GSE) Notes: Federal Farm Credit Bank, Federal Home Loan Bank, Federal Home Loan Mortgage Corporation and Federal National Mortgage Association Notes. The GSE Notes are rated Aaa by Moody's Investor Service. Government money market mutual funds are primarily invested in the above mentioned GSE's.

The Park and Recreation District limits investments to those permitted by State Statute or bond covenants and has no formal investment policy that would further limit its investment choices.

Concentration of Credit Risk. At December 31, 2019, of total cash and investments, the County invested 4% in coupons, 1% in step-ups, 17% in callable notes, and 44% in discount notes. The County's investment policy permits up to 80% to be invested in coupons, 50% in callables, 50% in discount notes, and 25% for step-ups, money markets and the Kansas Municipal Investment Pool at any given point in time. These limits are adjusted during tax collection periods which run from ten days prior to the due date for taxes to be remitted through the distribution dates set by Kansas Statute. The Discount Obligation percent increases to 65% and the limit on the MIP may be increased to 50%. Additionally, the policy permits 100% in demand deposits, certificates of deposits and treasury notes. There are no investments in the Supplemental Pension Trust Fund that require credit risk disclosure.

The County's investments are held in UMB Bank (2.38%), Federal Farm Credit Bank (8.11%), Federal Home Loan Bank (36.33%), Federal Home Loan Mortgage Corporation (12.87%) and the Federal National Mortgage Association (8.87%).

The Park and Recreation District places no limit on the amount the District may invest in one issuer. More than 5% of the District's investments are in the Kansas Municipal Investment Pool (72%), and SBKC Money Market Investment (28%).

The following is a breakdown of the County's investments by issuer:

Issuer	Par value	Fair Value	% of Portfolio
Fidelity	$ 67,403,399	$ 67,403,399	4.58%
OMIP 16	7,252	7,252	0.00%
UMB Bank Kansas	35,000,000	35,000,000	2.38%
Treasury Securities - Coupon	182,300,000	182,233,895	12.39%
Treasury Securities - Discount	213,000,000	212,824,860	14.47%
Federal Farm Credit Bank	119,000,000	119,296,176	8.11%
Federal Home Loan Bank	535,520,000	534,438,731	36.33%
Federal Home Loan Mortgage Corporation	189,750,000	189,326,615	12.87%
Federal National Mortgage Association	130,600,000	130,471,091	8.87%
Total	$ 1,472,580,651	$ 1,471,002,019	100.00%

4. *Receivables*

Receivables are comprised of the following as of December 31, 2019:

Accounts Receivable Fiscal Year 2019							
	Taxes Receivable	Accounts Receivable	Grant Receivable	Intsrest Receivable	Special Assessment Receivable	Due From Other Funds	Total
Governmental Activities	$261,254,288	$ 6,889,327	$ 1,820,236	$ 3,023,936	$ 13,619	$ —	$273,001,406
Business Type Activities	—	18,245,048	1,630,764	1,081,109	3,292,611	—	24,249,532
	$261,254,288	$25,134,375	$ 3,451,000	$ 4,105,045	$ 3,306,230	$ —	$297,250,938

5. *Capital Assets*

The accompanying government-wide financial statements include those infrastructure assets that were either completed during the fiscal year or considered construction in progress at year-end.

The following is the detail of capital assets as of December 31, 2019:

Primary Government

	December 31, 2018	Increases	Decreases	December 31, 2019
Governmental activities:				
Capital assets, not being depreciated				
Land	$ 27,087,119	$ —	$ —	$ 27,087,119
Construction in progress	22,770,402	5,334,641	(10,951,371)	17,153,672
Total capital assets, not being depreciated	49,857,521	5,334,641	(10,951,371)	44,240,791
Capital assets, being depreciated				
Buildings	91,112,597	—	—	91,112,597
Improvements other than buildings	5,439,539	—	—	5,439,539
Machinery and Equipment	67,248,883	12,474,769	(1,679,489)	78,044,163
Infrastructure	104,974,416	3,460,665	—	108,435,081
Total capital assets being depreciated	268,775,435	15,935,434	(1,679,489)	283,031,380
Less accumulated depreciation for:				
Buildings	(58,709,524)	(1,849,362)	—	(60,558,886)
Improvements other than buildings	(2,526,881)	(226,540)	—	(2,753,421)
Machinery and Equipment	(36,800,186)	(9,748,536)	1,554,108	(44,794,614)
Infrastructure	(57,672,690)	(3,477,519)	—	(61,150,209)
Total accumulated depreciation	(155,509,281)	(15,301,957)	1,554,108	(169,257,130)
Total capital assets, being depreciated,net	113,266,154	633,477	(125,381)	113,774,250
Governmental activities capital assets, net	$ 163,123,675	$ 5,968,118	$ (11,076,752)	$ 158,015,041

	December 31, 2018	Increases	Decreases	December 31, 2019
Business-type activities:				
Capital assets, not being depreciated				
Land	$ 9,738,854	$ 303,984	$ —	$ 10,042,838
Construction in progress	206,072,699	213,641,975	(55,607,306)	364,107,368
Total capital assets, not being depreciated	215,811,553	213,945,959	(55,607,306)	374,150,206
Capital assets, being depreciated				
Buildings	549,420,180	4,266,776	(145,184)	553,541,772
Improvements other than buildings	500,708,973	30,180,655	—	530,889,628
Machinery and Equipment	294,237,284	25,115,601	(2,270,435)	317,082,450
Infrastructure	2,274,401	6,294	—	2,280,695
Total capital assets being depreciated	1,346,640,838	59,569,326	(2,415,619)	1,403,794,545
Less accumulated depreciation for:				
Buildings	(162,624,905)	(13,904,945)	—	(176,529,850)
Improvements other than buildings	(243,827,254)	(21,390,523)	—	(265,217,777)
Machinery and Equipment	(267,056,184)	(6,083,498)	2,189,880	(270,949,802)
Infrastructure	(501,622)	(61,917)	—	(563,539)
Total accumulated depreciation	(674,009,965)	(41,440,883)	2,189,880	(713,260,968)
Total capital assets being depreciated,net	672,630,873	18,128,443	(225,739)	690,533,577
Business-type activities capital assets, net	$ 888,442,426	$ 232,074,402	$ (55,833,045)	$ 1,064,683,783

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities	
General Government	$ 2,270,049
Public Works	3,920,136
Public Safety	7,782,111
Health and Human Services	436,210
Planning and Economic Development	396
Culture and Recreation	893,055
Total depreciation expense for governmental activities	$ 15,301,957

Business-type activities	
Airport Fund	$ 1,410,003
Public Building Commission Fund	10,743,969
Transportation Fund	2,806,457
Johnson County Wastewater	26,480,454
Total depreciation expense for business-type activities	$ 41,440,883

Discretely presented component unit

A summary of changes in governmental activities and business-type activities capital assets for the Park District follows:

	December 31, 2018	Increases	Decreases	December 31, 2019
Governmental activities:				
Capital assets, not being depreciated				
Land	$ 55,611,197	$ 132,582	$ —	$ 55,743,779
Construction in progress	28,231,429	7,911,695	(5,740,260)	30,402,864
Total capital assets, not being depreciated	83,842,626	8,044,277	(5,740,260)	86,146,643
Capital assets, being depreciated				
Buildings	32,117,258	912,007	(28,469)	33,000,796
Improvements other than buildings	43,097,408	1,325,399	(377,935)	44,044,872
Machinery and Equipment	8,360,457	7,257,728	(315,107)	15,303,078
Infrastructure	492,149	319,436	—	811,585
Total capital assets being depreciated	84,067,272	9,814,570	(721,511)	93,160,331
Less: accumulated depreciation for:				
Buildings	(7,955,857)	(830,232)	21,901	(8,764,188)
Improvements other than buildings	(24,033,525)	(1,718,113)	65,692	(25,685,946)
Machinery and Equipment	(4,298,896)	(1,027,012)	259,343	(5,066,565)
Infrastructure	(202,095)	(36,595)	—	(238,690)
Total accumulated depreciation	(36,490,373)	(3,611,952)	346,936	(39,755,389)
Total capital assets, being depreciated,net	47,576,899	6,202,618	(374,575)	53,404,942
Governmental activities capital assets, net	$ 131,419,525	$ 14,246,895	$ (6,114,835)	$ 139,551,585

	December 31, 2018	Increases	Decreases	December 31, 2019
Business-type activities:				
Capital assets, not being depreciated				
Land	$ 4,240,976	$ —	$ —	$ 4,240,976
Total capital assets, not being depreciated	4,240,976	—	—	4,240,976
Capital assets, being depreciated				
Buildings	5,530,788	—	(477)	5,530,311
Improvements other than buildings	9,352,303	—	(3,128,152)	6,224,151
Machinary and Equipment	1,310,582	—	(46,157)	1,264,425
Total capital assets being depreciated	16,193,673	—	(3,174,786)	13,018,887
Less accumulated depreciation for:				
Buildings	(2,741,835)	(135,393)	107	(2,877,121)
Improvements other than buildings	(9,307,658)	(6,280)	3,114,780	(6,199,158)
Machinary and Equipment	(1,169,334)	(37,552)	37,806	(1,169,080)
Total accumulated depreciation	(13,218,827)	(179,225)	3,152,693	(10,245,359)
Total capital assets being depreciated,net	2,974,846	(179,225)	(22,093)	2,773,528
Business-type activities capital assets, net	$ 7,215,822	$ (179,225)	$ (22,093)	$ 7,014,504

A summary of changes in governmental activities capital assets for the Fire Districts follows:

	December 31, 2018	Prior Period Adjustment	Increases	Decreases	December 31, 2019
Governmental activities:					
Capital assets, not being depreciated					
Land	$ 435,353	$ (75,000)	$ —	$ —	$ 360,353
Ownership rights	512,188		—	(15,388)	496,800
Construction in progress	4,132,541		277,256	(3,891,269)	518,528
Total capital assets, not being depreciated	5,080,082	(75,000)	277,256	(3,906,657)	1,375,681
Capital assets, being depreciated					
Buildings	12,964,930	(650,000)	6,535,293	—	18,850,223
Machinery and Equipment	14,611,431	251,684	2,289,424	(108,962)	17,043,577
Total capital assets being depreciated	27,576,361	(398,316)	8,824,717	(108,962)	35,893,800
Less accumulated depreciation for:					
Buildings	(4,945,463)	(110,000)	(434,614)	—	(5,490,077)
Machinery and Equipment	(8,128,386)	(236,224)	(1,225,432)	81,419	(9,508,623)
Total accumulated depreciation	(13,073,849)	(346,224)	(1,660,046)	81,419	(14,998,700)
Total capital assets, being depreciated,net	14,502,512	(744,540)	7,164,671	(27,543)	20,895,100
Governmental activities capital assets, net	$ 19,582,594	$ (819,540)	$ 7,441,927	$ (3,934,200)	$ 22,270,781

6. *Interfund Balances and Transfers*

An interfund transfer is a movement of monies from one fund to another for current purposes. Frequently it involves the transfer of money from the fund authorized to raise the money to the fund authorized to spend it.

Interfund transfers for the year ended December 31, 2019 are as follows:

Interfund Transfers:	General Fund	Capital Projects Fund	Wastewater	Non-Major Governmental Funds	Non-Major Enterprise Funds	Non-Major Internal Svc Funds	Total Transfers Out
Transfer From							
General Fund	$ —	$ 8,954,129	$ 2,501	$ 614,767	$ 7,157,808	$ 434,288	$ 17,163,493
Capital Projects Fund	9,986	—	—	1,050,000	—	84,894	1,144,880
Wastewater	1,326,940	—	—	—	—	290,332	1,617,272
Non-Major Governmental Funds	632,405	38,596,230	—	1,144,115	—	2,126,703	42,499,453
Non-Major Enterprise Funds	—	—	73,253	—	30,500	—	103,753
Non-Major Internal Svc Funds	—	—	—	—	—	3,240	3,240
Total Transfers In	$ 1,969,331	$ 47,550,359	$ 75,754	$ 2,808,882	$ 7,188,308	$ 2,939,457	$ 62,532,091

Transfers from the General Fund and non-major governmental funds were primarily to the Capital Projects Fund. The General Fund also transferred subsidies to the Transportation and Airport (non-major enterprise) funds. Transfers from the Capital Projects fund to the General Fund were for unexpended funds at the end of a capital project. Funds were also transferred from the General fund to the Capital Projects fund for equipment reserves.

Transfers from a major enterprise fund, Johnson County Wastewater, were for annual operating subsidies. Transfers from non-major governmental funds were primarily to the Capital Projects fund for budgeted capital projects and to the non-major governmental funds to provide budgeted revenue for debt service, and to the General Fund for budgeted cost allocation.

Transfers for the government-wide Statement of Activities for the year ended December 31, 2019 have been summarized below:

	Transfers
Transfer From	
Governmental activities to Business-type activities	
General to Non-Major Enterprise	$ 7,157,808
General to Wastewater	2,501
Business-type activities to Governmental activities	
Wastewater to General	(1,326,940)
Wastewater to Internal Service	(290,332)
Total Transfers - Statement of Activities	$ 5,543,037

7. Assets under Capital Leases

The County has entered into an equipment lease, which has a bargain purchase option and has been classified in the financial statements as a capital lease. The following table details property under capital lease by major classification at December 31, 2019:

Assets Under Capital Lease		
		Governmental Activities
Machinery and equipment	$	3,243,866
Less accumulated depreciation		(117,515)
Total	$	3,126,351

8. Debt

A. Governmental Activities Long-Term Debt

1. Changes in Governmental Activities Long-Term Debt

The following table summarizes the changes in governmental activities long-term debt of the County for the year ended December 31, 2019:

Summary of Governmental Activities Debt for the year ended December 31, 2019					
	Outstanding January 1	Additions	Reductions	Outstanding December 31	Due Within One Year
Primary Government					
Bonds:					
General obligation	$ 11,950,000	$ 2,670,000	$ 1,025,000	$ 13,595,000	$ 1,325,000
Plus: bond premium	1,825,520	345,604	264,988	1,906,136	—
Special obligation	1,095,000	—	780,000	315,000	315,000
Special assessment	88,800	—	9,300	79,500	9,700
Compensated absences	18,999,058	1,585,225	1,150,430	19,433,853	1,730,003
Total OPEB liability	23,701,932	2,142,959	4,492,776	21,352,115	—
Net pension liability	196,983,329	43,175,519	41,426,700	198,732,148	—
Capital lease obligations	38,844	3,136,678	597,699	2,577,823	622,242
Total	$ 254,682,483	$ 53,055,985	$ 49,746,893	$ 257,991,575	$ 4,001,945

For the governmental activities, claims and judgments, and compensated absences are generally liquidated by the general fund. Other post-employment benefits are liquidated from the health care fund. The net pension liability will be liquidated primarily through KPERS employer contributions made primarily from the governmental funds.

2. *Governmental Activities General and Special Obligation Bonds*

At December 31, 2019, governmental activities general and special obligation bonds consist of the following:

Outstanding Governmental Activities General and Special Obligation Bonds as of December 31, 2019				
	Original Issue Amount	Current Bonds Outstanding	Interest Rates	Original Term in Years
Primary Government				
2010B	4,470,000	235,000	2.000-3.250%	10
2010E	740,000	80,000	0.700-2.600%	10
2012B	730,000	460,000	2.000-3.000%	13
2016A	1,580,000	1,175,000	2.000-5.000%	20
2017A	975,000	810,000	5.000%	10
2018A	9,205,000	8,480,000	5.000%	10
2019A	2,670,000	2,670,000	5.000%	10
Total	$ 20,370,000	$ 13,910,000		

In 2019, Series 2019A General Obligation bonds were issued in the amount of $2,670,000 for the equipment portion of the Sheriff radio system replacement.

Remaining debt service requirements for general and special obligation bonds will be paid from the Debt Service Fund of the Primary Government with future property tax revenues.

Annual debt service requirements to maturity for governmental activities general and special obligation bonds are as follows:

Debt Service Requirements Governmental Activities for General and Special Obligation Bonds			
Primary Government	Principal	Interest	Total
2020	$ 1,640,000	$ 623,526	$ 2,263,526
2021	1,345,000	581,125	1,926,125
2022	1,420,000	517,675	1,937,675
2023	1,480,000	450,575	1,930,575
2024	1,560,000	380,900	1,940,900
2025-2029	6,465,000	783,600	7,248,600
Total	$ 13,910,000	$ 3,337,401	$ 17,247,401

3. Governmental Activities Special Assessment Bonds

As explained in Note 1.K., Summary of Significant Accounting Policies, the County has made a commitment to pay special assessment bonds in the event less than sufficient revenues are collected for the required debt service. Bonds were issued in 2016 in the amount of $106,900 as part of Series 2016A. These funds will be used for the construction of improvements in special benefit districts within the County.

Outstanding Governmental Activities Outstanding Special Assessment Bonds as of December 31, 2019				
	Original Issue Amount	Current Bonds Outstanding	Interest Rates	Original Term in Years
2016A	$ 106,900	$ 79,500	2.000-5.000%	10

Annual debt service requirements to maturity for governmental activities special assessment bonds are as follows:

Debt Service Requirements Governmental Activities for Special Assessment Bonds			
	Principal	Interest	Total
2020	$ 9,700	$ 3,975	$ 13,675
2021	10,300	3,490	13,790
2022	10,800	2,975	13,775
2023	11,300	2,435	13,735
2024	11,800	1,870	13,670
2025-2026	25,600	1,935	27,535
Total	$ 79,500	$ 16,680	$ 96,180

4. Capital Leases

As explained in Note 7, the County has entered into various capital leases for assets. The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2019 were as follows:

Future Minimum Lease Payments	
Year Ending December 31:	Governmental Activities
2020	725,672
2021	704,904
2022	704,904
2023	704,904
Total minimum lease payments	2,840,384
Less amounts representing interest	(262,560)
Present value of minimum lease payments	$ 2,577,824

5. Debt Margin

The County has an available debt margin of $924,179,222 as of December 31, 2019.

B. Business-Type Activities Debt

1. Changes in Business-Type Activities Debt

The following table summarizes the changes in business-type activities debt of the County for the year ended December 31, 2019:

Summary of Business-Type Activities Debt for the year ended December 31, 2019					
	Outstanding January 1	Additions	Reductions	Outstanding December 31	Due Within One Year
Primary Government					
General obligation bonds:					
Wastewater	$ 518,691,200	$ 19,495,000	$ 30,635,700	$ 507,550,500	$ 21,430,300
Plus: bond premium	40,561,508	1,158,895	3,058,999	38,661,404	—
Less:					
Issuance discounts	(77,802)	—	(7,089)	(70,713)	—
Airport	2,835,156	—	170,156	2,665,000	170,000
Plus: bond premium	289,622		23,635	265,987	—
Special assessment bonds:					
Wastewater	4,838	—	4,838	—	—
Revenue bonds:					
PBC	368,180,000	1,390,000	24,545,000	345,025,000	20,720,000
Plus: bond premium	30,472,323	44,614	3,174,562	27,342,375	—
Less:					
Issuance discounts	(262,463)		(29,259)	(233,204)	—
Compensated absences	1,317,943	121,013	90,985	1,347,971	119,998
Net pension liability	6,237,073	1,060,463	986,508	6,311,028	—
Total OPEB liability	1,784,016	21,262	198,131	1,607,147	
Retainages payable	7,519,137	2,152,792	208,838	9,463,091	9,463,091
Long-term loans:					
Wastewater	17,620,810	11,064	1,416,292	16,215,582	1,434,164
Total	$ 995,173,361	$ 25,455,103	$ 64,477,296	$ 956,151,168	$ 53,337,553

2. *Business-Type Activities General Obligation Bonds*

At December 31, 2019, Business-Type Activities General Obligation Bonds consist of the following:

Outstanding Business-Type Activities General Obligation Bonds as of December 31, 2019

	Original Issue Amount	Current Bonds Outstanding	Interest Rates	Original Term in Years
2009B Wastewater	20,925,000	13,545,000	2.250-5.400%	20
2009C Wastewater	8,460,000	990,000	3.000-5.000%	11
2009C Wastewater	3,423,175	785,000	3.000-5.000%	12
2009C Wastewater	2,580,000	755,000	3.000-5.000%	13
2010C Wastewater	8,605,000	5,665,000	1.150-4.800%	20
2010D Wastewater	2,460,000	960,000	2.000-4.000%	13
2010D Wastewater	9,265,000	4,565,000	3.000-4.000%	14
2011A Wastewater	16,790,000	11,470,000	2.000-4.250%	20
2012A Wastewater	37,350,000	27,040,000	2.000-4.000%	20
2012B Wastewater	26,275,000	16,540,000	2.000-3.000%	13
2013A Wastewater	40,865,000	31,690,000	2.000-5.000%	20
2014A Wastewater	20,205,000	16,570,000	3.500-5.000%	20
2014B Wastewater	21,465,000	17,455,000	3.000-5.000%	13
2014B Wastewater	17,015,000	14,210,000	3.000-5.000%	13
2015A Wastewater	28,605,000	24,395,000	3.000-5.000%	20
2015B Wastewater	17,490,000	16,120,000	3.000-5.000%	13
2015B Wastewater	6,925,000	6,380,000	3.000-5.000%	13
2016A Wastewater	32,758,100	31,020,500	2.000-5.000%	20
2016B Wastewater	10,570,000	10,570,000	2.000-4.000%	10
2017A Wastewater	14,805,000	13,745,000	2.500-5.000%	20
2018A Wastewater	223,585,000	223,585,000	3.125-5.000%	22
2019A Wastewater	19,495,000	19,495,000	2.375-4.000%	20
2015A Airport	1,910,000	1,630,000	3.000-5.000%	20
2015B Airport	1,125,000	1,035,000	3.000-5.000%	13
Total	$ 592,951,275	$ 510,215,500		

On August 15, 2012, the County also issued $26,275,000 of Internal Improvement Refunding Bonds, Series 2012B, to crossover refund the Series 2005A bonds. These bonds mature in 2025 and have interest rates ranging from 2.0% to 3.0%.The bond premium for the Series 2012B issue was recorded in the amount of $2,463,987 and is being amortized to interest expense through 2025. As of December 31, 2019, the balance of the bond premium is $1,104,390.

For proprietary funds, the Series 2012B Refunding Bonds resulted in an economic gain (the difference between the present value of the old and the new debt service payments) of $3,053,913 and a reduction of $2,593,379 in the net future value debt service payments for the County over the next 13 years.

The issuance of the Series 2012B General Obligation Internal Improvement Refunding Bonds was conducted as a "crossover" advance refunding, in which the proceeds of the Bonds (new issue) were placed in an escrow account with a major bank and were invested in State and Local Government Securities. These investments and their earnings were structured to pay interest on the portion of 2012B Bonds allocable to the Series 2005A until September 1, 2015, (the call dates of the Refunded Bonds), at which time the escrow account crossed over and prepaid the entire remaining principal of the Refunded Bonds. The County continued to pay the originally scheduled debt service payments on the Series 2005A until September 1, 2015. After the call date, the County crossed over and began making debt service payments on the 2012B Bonds, taking advantage of the lower interest rates.

On November 25, 2014, the County also issued $38,480,000 of Internal Improvement Refunding Bonds, Series 2014B, to crossover refund the series 2007A and 2007B bonds. These bonds mature in 2027 and have interest rates ranging from 4.0% to 5.0%. The bond premium for the Series 2014B issue was recorded in the amount of $6,207,700 and is being amortized to interest expense through 2027. As of December 31, 2019, the balance of the bond premium is $3,791,140.

For proprietary funds, the Series 2014B Refunding Bonds resulted in an economic gain (the difference between the present value of the old and the new debt service payments) of $3,249,231 and a reduction of $2,764,861 in the net future value debt service payments for the County over the next 13 years.

The issuance of the Series 2014B General Obligation Internal Improvement Refunding Bonds was conducted as a "crossover" advance refunding, in which the proceeds of the Bonds (new issue) were placed in an escrow account with a major bank and were invested in State and Local Government Securities. These investments and their earnings were structured to pay interest on the portion of 2014B Bonds allocable to the Series 2007A and 2007 until September 1, 2017, (the call dates of the Refunded Bonds), at which time the escrow account will crossover and prepay the entire remaining principal of the Refunded Bonds. The County continued to pay the originally scheduled debt service payments on the Series 2007A and 2007B until September 1, 2017. After the call date, the County crossed over and began making debt service payments on the 2014B Bonds, taking advantage of the lower interest rates.

On December 17, 2015, the County also issued $30,515,000 of Internal Improvement Bonds, Series 2015A, to finance certain wastewater improvements to Johnson County Wastewater and to purchase land for the Airport. These bonds mature in 2035 and have interest rates ranging from 3.0% to 5.0%. The bond premium for the Series 2015A issue was recorded in the amount of $2,485,699 and is being amortized to interest expense through 2035. As of December 31, 2019, the balance of the bond premium is $1,984,746.

On December 17, 2015, the County also issued $25,540,000 of Internal Improvement Refunding Bonds, Series 2015B, to crossover refund the series 2008A and 2008D bonds. These bonds mature in 2028 and have interest rates ranging from 3.0% to 5.0%. The bond premium for the Series 2015B issue was recorded in the amount of $4,126,740 and is being amortized to interest expense through 2028. As of December 31, 2019, the balance of the bond premium is $2,848,544.

For proprietary funds, the Series 2015B Refunding Bonds resulted in an economic gain (the difference between the present value of the old and the new debt service payments) of $3,130,112 and a reduction of $2,658,360 in the net future value debt service payments for the County over the next 13 years.

The issuance of the Series 2015B General Obligation Internal Improvement Refunding Bonds was conducted as a "crossover" advance refunding, in which the proceeds of the Bonds (new issue) were placed in an escrow account with a major bank an invested in State and Local Government Securities. These investments and their earnings were structured to pay interest on the portion of the 2015B Bonds allocable to the Series 2008A and 2008D until September 1, 2018 (the call dates of the Refunded Bonds), at which time the escrow account crossed over and prepaid the entire remaining principal of the Refunded Bonds. The County continued to pay the originally scheduled debt service payments on the Series 2008A and 2008D until September 1, 2018. After the call date, the County crossed over and began making debt service payments on the 2015B Bonds, taking advantage of the lower interest rates.

On October 27, 2016, the County issued $32,758,100 of General Obligation Internal Improvement Bonds, Series 2016A, to finance certain wastewater improvements to Johnson County Wastewater. These bonds mature in 2036 and have interest rates ranging from 2.0% to 5.0%. The bond premium for the 2016A issue was recorded in the amount of $3,525,290 and is being amortized to interest expense through 2036. As of December 31, 2019, the balance of the bond premium is $2,969,815.

On October 27, 2016, the County also issued $10,570,000 of General Obligation Refunding Bonds, Series 2016B, to crossover refund the Series 2009A bonds. These bonds mature in 2029 and have interest rates ranging from 2.0% to 4.0%.The bond premium for the Series 2016B issue was recorded in the amount of $1,082,433 and is being amortized to interest expense through 2029. As of December 31, 2019, the balance of the bond premium is $821,235.

For proprietary funds, the Series 2016B Refunding Bonds resulted in an economic gain (the difference between the present value of the old and the new debt service payments) of $1,040,781 and a reduction of $914,457 in the net future value debt service payments for the County over the next 10 years.

The issuance of the Series 2016B General Obligation Internal Improvement Refunding Bonds was conducted as a "crossover" advance refunding, in which the proceeds of the Bonds (new issue) are placed in an escrow account with a major bank and will be invested in State and Local Government Securities. These investments and their earnings are structured to pay interest on the portion of 2016B Bonds allocable to the Series 2009A until September 1, 2020, (the call dates of the Refunded Bonds), at which time the escrow account will crossover and prepay the entire remaining principal of the Refunded Bonds. The County will continue to pay the originally scheduled debt service payments on the Series 2009A until September 1, 2020. After the call date, the County will cross over and begin making debt service payments on the 2016B Bonds, taking advantage of the lower interest rates.

On November 2, 2017, the County issued $14,805,000 of General Obligation Internal Improvement Bonds, Series 2017A, to finance certain wastewater improvements to Johnson County Wastewater. These bonds mature in 2037 and have interest rates ranging from 2.5% to 5.0%. The bond premium for the 2017A issue was recorded in the amount of $1,127,697 and is being amortized to interest expense through 2037. As of December 31, 2019, the balance of the bond premium is $1,006,724.

On August 22, 2018, the County issued $223,585,000 of General Obligation Internal Improvement Bonds, Series 2018A, to finance the Tomahawk wastewater project and other smaller wastewater improvements to Johnson County Wastewater. These bonds mature in 2040 and have interest rates ranging from 3.1% to 5.0%. The bond premium for the 2018A issue was recorded in the amount of $17,439,744 and is being amortized to interest expense through 2040. As of December 31, 2019, the balance of the bond premium is $16,373,378.

On December 11, 2019, the County issued $19,495,000 of General Obligation Internal Improvement Bonds, Series 2019A, to finance wastewater improvements to Johnson County Wastewater. These bonds mature in 2039 and have interest rates ranging from 2.375% to 4.0%. The bond premium for the 2019A issue was recorded in the amount of $1,158,895 and is being amortized to interest expense through 2039. As of December 31, 2019, the balance of the bond premium is $1,155,720.

Remaining debt service requirements for general obligation wastewater bonds will be paid from Johnson County Wastewater Enterprise Fund with revenues from wastewater Capital Finance Charges and connection fees. Capital Finance Charges are billed and collected in the same manner as the wastewater operations and maintenance charge. Remaining debt service requirements for general obligation airport bonds will be paid from the Airport Enterprise Fund with revenues from operations or from taxes.

Annual debt service requirements to maturity for business-type activities general obligation bonds are as follows:

Debt Service Requirements for
Business-Type Activities General Obligation Bonds

	Principal	Interest	Total
2020	$ 21,600,300	$ 20,087,910	$ 41,688,210
2021	21,389,700	19,303,580	40,693,280
2022	22,674,200	18,357,875	41,032,075
2023	27,908,700	17,354,725	45,263,425.003
2024	32,903,200	16,113,616	49,016,816
2025-2029	151,654,400	60,225,906	211,880,306
2030-2034	121,670,000	32,894,711	154,564,711
2035-2040	110,415,000	13,631,869	124,046,869
Total	$ 510,215,500	$ 197,970,192	$ 708,185,692

3. *Business-Type Activities Revenue Bonds*

The Public Building Commission (PBC) has issued revenue bonds, which will be paid from future rent revenues. At December 31, 2019, business-type activities revenue bonds for PBC consist of the following:

Business-Type Activities
Outstanding Revenue Bonds as of December 31, 2019

	Original Amount	Current Bonds Outstanding	Interest Rates	Original Term in Years
Primary Government				
PBC, 2010A	$ 13,245,000	$ 8,145,000	1.000-5.650%	20
PBC, 2010B	6,120,000	255,000	2.500-4.000%	12
PBC, 2010C	31,510,000	13,320,000	2.500-4.000%	14
PBC, 2010D	14,250,000	8,580,000	0.850-5.000%	20
PBC, 2011A	35,395,000	24,410,000	2.000-4.375%	20
PBC, 2011B	16,800,000	10,960,000	2.000-4.500%	20
PBC, 2012A	16,635,000	10,395,000	3.000-4.000%	13
PBC, 2014A	1,995,000	1,105,000	2.000-3.000%	10
PBC, 2014B	4,000,000	2,110,000	2.000-4.000%	10
PBC, 2015A	21,460,000	18,250,000	2.000-4.000%	20
PBC, 2015B	41,725,000	37,445,000	2.000-5.000%	13
PBC, 2016A	16,365,000	14,290,000	2.000-5.000%	20
PBC, 2016B	9,175,000	9,175,000	2.000-3.000%	10
PBC, 2017A	15,060,000	13,795,000	2.000-3.125%	20
PBC, 2017B	23,125,000	22,805,000	4.000-5.000%	14
PBC, 2018A	148,595,000	148,595,000	4.000-5.000%	9
PBC, 2019A	1,390,000	1,390,000	4.000-5.000%	14
Total	$ 416,845,000	$ 345,025,000		

On August 15, 2012, the County issued $16,635,000 of Lease Purchase Revenue Refunding Bonds, Series 2012A, to crossover refund the Series 2005A bonds. These bonds mature in 2025 and have interest rates ranging from 3.0% to 4.0%. The bond premium for the Series 2012A issue was recorded in the amount of $1,850,406 and is being amortized to interest expense through 2025. As of December 31, 2019, the balance of the bond premium is $829,376.

The Series 2012A PBC Refunding Bonds resulted in an economic gain (the difference between the present value of the old and the new debt service payments) of $1,646,844 and a reduction of $1,412,683 in the net future value debt service payments for the PBC over the next 13 years.

The issuance of the Series 2012A Lease Purchase Revenue Refunding Bonds was conducted as a "crossover" advance refunding, in which the proceeds of the Bonds (new issue) were placed in an escrow account with a major bank and were invested in State and Local Government Securities. These investments and their earnings were structured to pay interest on the portion of 2012A PBC Bonds allocable to the Series 2005A PBC Bonds until September 1, 2015, (the call dates of the Refunded Bonds), at which time the escrow account crossed over and prepaid the entire remaining principal of the Refunded Bonds. The PBC continued to pay the originally scheduled debt service payments on the Series 2005A PBC Bonds until September 1, 2015. After the call date, the PBC crossed over and began making debt service payments on the 2012A PBC Bonds, taking advantage of the lower interest rates.

On December 17, 2015, the County issued $41,725,000 of Lease Purchase Revenue Refunding Bonds, Series 2015B, to crossover refund the Series 2007A, 2008A, and 2008C bonds. These bonds mature in 2028 and have interest rates ranging from 2.0% to 5.0%. The bond premium for the Series 2015B issue was recorded in the amount of $3,201,280 and is being amortized to interest expense through 2028. As of December 31, 2019, the balance of the bond premium is $2,209,732.

The Series 2015B PBC Refunding Bonds resulted in an economic gain (the difference between the present value of the old and the new debt service payments) of $4,225,062 and a reduction of $3,511,446 in the net future value debt service payments for the PBC over the next 13 years.

The issuance of the Series 2015B Lease Purchase Revenue Refunding Bonds was conducted as a "crossover" advance refunding, in which the proceeds of the Bonds (new issue) were placed in an escrow account with a major bank and were invested in State and Local Government Securities. These investments and their earnings were structured to pay interest on the portion of the 2015B PBC Bonds allocable to the Series 2007A, 2008A, and 2008C Bonds until September 1, 2018, (the call date of the Refunded Bonds), at which time the escrow account crossed over and prepaid the entire remaining principal of the Refunded Bonds. The PBC continued to pay the originally scheduled debt service payments on the Series 2007A, 2008A, and 2008C Bonds until September 1, 2018. After the call date, the PBC crossed over and being making debt service payments on the 2015B PBC Bonds, taking advantage of the lower interest rates.

On October 27, 2016, the County issued $12,720,000 of Lease Purchase Improvement Revenue Bonds, Series 2016A to finance capital improvement projects on behalf of the County to construct the Monticello library building. Another component of 2016A is the refunding of Series 2008B. This part of the issuance is $3,645,000. Series 2016A bonds mature in 2036, and have interest rates ranging from 2.0% to 5.0%. The bond premium for the Series 2016A issue was recorded in the amount of $1,891,146 and is being amortized to interest expense through 2036. As of December 31, 2019, the remaining balance of the bond premium is $1,593,161.

On October 27, 2016, the County issued $9,175,000 of Lease Purchase Revenue Refunding Bonds, Series 2016B, to crossover refund the Series 2009A bonds. These bonds mature in 2029 and have interest rates ranging from 2.0% to 3.0%. The bond premium for the Series 2016B issue was recorded in the amount of $364,229 and is being amortized to interest expense through 2029. As of December 31, 2019, the balance of the bond premium is $276,338.

The refunding portion of Series 2016A resulted in an economic gain (the difference between the present value of the old and the new debt service payments) of $510,915 and a reduction of $449,415 in the net future value debt service payments for the PBC over the next 12 years. The 2016B PBC Refunding Bonds resulted in an economic gain of $861,356 and a reduction of $749,778 in the net future value debt service payments for the PBC over the next 13 years.

The issuance of the Series 2016B Lease Purchase Revenue Refunding Bonds was conducted as a "crossover" advance refunding, in which the proceeds of the Bonds (new issue) are placed in an escrow account with a major bank and will be invested in State and Local Government Securities. These investments and their earnings are structured to pay interest on the portion of the 2016B PBC Bonds allocable to the Series 2009A Bonds until September 1, 2020, (the call date of the Refunded Bonds), at which time the escrow account will crossover and prepay the entire remaining principal of the Refunded Bonds. The PBC will continue to pay the originally scheduled debt service payments on the Series 2009A Bonds until September 1, 2020. After the call date, the PBC will cross over and being making debt service payments on the 2016B PBC Bonds, taking advantage of the lower interest rates.

On November 2, 2017, the County issued $15,060,000 of Lease Purchase Revenue Bonds, Series 2017A to finance capital improvement projects on behalf of the County to construct the Lenexa City Center library building. These bonds mature in 2037, and have interest rates ranging from 2.0% to 3.125%. The bond premium for the Series 2017A bonds issue was recorded in the amount of $187,498 and is being amortized to interest expense through 2037. As of December 31, 2019, the remaining balance of the bond premium is $167,385.

On November 2, 2017, the County issued $1,850,000 of Lease Purchase Improvement Revenue Bonds, Series 2017B to renovate, construct, equip and furnish improvements to the Criminal Justice Complex (New Century Adult Detention Center) and the Central Booking Facility (Olathe Adult Detention Center). Another component of 2017B is the refunding of Series 2011A. This part of the issuance is $21,275,000. Series 2017B bonds mature in 2031, and have interest rates ranging from 4.0% to 5.0%. The bond premium for the Series 2016A issue was recorded in the amount of $3,634,477 and is being amortized to interest expense through 2031. As of December 31, 2019, the remaining balance of the bond premium is $3,079,297.

The refunding portion of Series 2017A resulted in an economic gain (the difference between the present value of the old and the new debt service payments) of $1,666,094 and a reduction of $1,384,316 in the net future value debt service payments for the PBC over the next 14 years.

The issuance of the Series 2017B Refunding Bonds was conducted as a "crossover" advance refunding, in which the proceeds of the Bonds (new issue) are placed in an escrow account with a major bank and will be invested in State and Local Government Securities. These investments and their earnings are structured to pay interest on the portion of the 2017B PBC Bonds allocable to the Series 2011A Bonds until September 1, 2021, (the call date of the Refunded Bonds), at which time the escrow account will crossover and prepay the entire remaining principal of the Refunded Bonds. The PBC will continue to pay the originally scheduled debt service payments on the Series 2011A Bonds until September 1, 2021. After the call date, the PBC will cross over and being making debt service payments on the 2017B PBC Bonds, taking advantage of the lower interest rates.

On September 5, 2018, the County issued $148,595,000 of Lease Purchase Revenue Bonds, Series 2018A to finance the building of the new county courthouse and medical examiner facility. These bonds mature in 2027, and have interest rates ranging from 4.0% to 5.0%. The bond premium for the Series 2018A bonds issue was recorded in the amount of $20,222,601 and is being amortized to interest expense through 2027. As of December 31, 2019, the remaining balance of the bond premium is $17,329,945.

On December 11, 2019, the County issued $1,390,000 of Lease Purchase Revenue Bonds, Series 2019A to finance various asset replacement projects. These bonds mature in 2039, and have interest rates ranging from 2.0% to 3.0%. The bond premium for the Series 2019A bonds issue was recorded in the amount of $44,614 and is being amortized to interest expense through 2039. As of December 31, 2019, the remaining balance of the bond premium is $44,492.

Remaining debt service requirements for PBC revenue bonds will be paid from the PBC Enterprise fund. This fund has future lease revenue pledged to repay revenue bonds which provided proceeds for financing of buildings and facilities. The bonds are payable solely from lease payments made directly to a trustee for the purpose of repaying the debt. Principal and interest paid for the current year were $15,510,000 and $15,134,176 respectively.

Annual debt service requirements to maturity for business-type activities revenue bonds are as follows:

Debt Service Requirements for Business-Type Activities Revenue Bonds	Principal	Interest	Total
Primary Government			
2020	$ 43,500,000	$ 14,400,042	$ 57,900,042
2021	27,185,000	12,770,165	39,955,165
2022	36,110,000	11,683,195	47,793,195
2023	37,680,000	10,030,716	47,710,716
2024	37,540,000	8,423,754	45,963,754
2025-2029	133,200,000	17,992,530	151,192,530
2030-2034	23,530,000	2,935,816	26,465,816
2035-2039	6,280,000	334,138	6,614,138
Total	$ 345,025,000	$ 78,570,356	$ 423,595,356

5. *Business-Type Activities Long-Term Loans*

The County has committed to pay loan obligations in the event that insufficient revenues are collected from connection fees and Capital Finance charges within the Wastewater District.

During 2019, the State advanced an additional $11,064, net of principal forgiveness of 40% under the loan agreement, for Wastewater improvements. As of December 31, 2019, the borrowing on this loan is complete.

At December 31, 2019, loan agreements were in existence between the County and the State of Kansas as follows:

Business-Type Activities
Outstanding Loans as of December 31, 2019

	Original Issue Amount	Current Loans Outstanding	Interest Rates	Original Term in Years
Mill Creek Regional Plant	13,583,500	4,703,670	2.86%	20
Middle Basin Green Project	10,655,100	6,314,870	2.72%	20
Loan Elm	871,753	522,719	2.17%	20
Gardner Lake	6,116,035	4,674,323	2.17%	20
Total	$ 31,226,388	$ 16,215,582		

Annual debt service requirements to maturity for borrowed amounts outstanding at December 31, 2019, against these loans are as follows:

Debt Service Requirements for Business-Type Activities Loans			
	Principal	Interest	Total
2020	$ 1,434,164	$ 382,707	$ 1,816,871
2021	1,473,501	346,980	1,820,481
2022	1,513,923	310,266	1,824,189
2023	1,555,458	272,543	1,828,001
2024	1,598,135	233,779	1,831,914
2025-2029	5,756,944	661,031	6,417,975
2030-2034	2,883,457	141,423	3,024,880
Total	$ 16,215,582	$ 2,348,729	$ 18,564,311

6. *Claims and Judgments*

The County and its related entities are involved in numerous lawsuits arising in the ordinary course of activities, including claims for false arrest, personal injury and discriminatory personnel practices, property condemnation proceedings, and suits contesting the legality of certain taxes. While these cases may have future financial effect, management, based on advice from counsel believes that their ultimate outcome will not be material to the financial statements.

C. *Component Unit Debt*

i. Park and Recreation District

1. Changes in Governmental Activities Long-Term Debt

The following table summarizes the changes in governmental activities long-term debt of the Park District for the year ended December 31, 2019:

Summary of Governmental Activities Debt for the year ended December 31, 2019					
	Outstanding January 1	Additions	Reductions	Outstanding December 31	Due Within One Year
Component Unit					
Bonds:					
General obligation	$ 420,000	$ —	$ 420,000	$ —	$ —
Plus: issuance premiums	12,258	—	12,258	—	—
Certificates of participation	30,320,000	12,315,000	10,885,000	31,750,000	4,095,000
Plus: issuance premiums	1,901,857	963,853	547,317	2,318,393	—
Compensated absences	1,061,893	491,678	437,514	1,116,057	424,598
Direct lease obligations	—	3,386,874	—	3,386,874	1,335,415
Net pension liability	11,310,073	746,367	—	12,056,440	—
Total OPEB liability	1,165,787	58,064	612,032	611,819	—
Total	$ 46,191,868	$17,961,83	$ 12,914,121	$ 51,239,583	$ 5,855,013

The accrued compensated absences attributable to the governmental activities are generally liquidated by the General Fund. Expenditures related to the net pension liability and the governmental portion of the net Other post-employment benefits (OPEB) obligation are generally liquidated from the employee benefits fund.

2. Governmental Activities and Business Type Activities Summary of Long Term Debt

At December 31, 2019, governmental activities and business-type activities debt for the Park District consists of the following:

Summary of Bond Issues					
	Original Issue Amount	Governmental Activities Balance	Business-Type Balance	Interest Rates	Original Term in Years
Component Unit					
Certificates of Participation:					
2013 Series A	$ 15,670,000	$ 6,940,000	$ —	4.000-5.125%	10
2015 Series A	2,490,000	2,115,000	—	2.250-4.000%	20
2017 Series A	7,300,000	5,940,000	—	2.000-4.000%	9
2017 Series B	5,460,000	4,440,000	—	2.000-4.000%	9
2019 Series A	5,545,000	5,545,000	—	3.000-4.000%	10
2019 Series B	4,175,000	4,175,000	—	3.000-4.000%	10
2019 Series C	2,595,000	2,595,000	—	2.500-3.350%	11
Direct Lease:					
2019 Series D	3,386,874	3,386,874	—	1.980%	3
Total	$ 46,621,874	$ 35,136,874	$ —		

3. Governmental Activities Long-term Debt

Annual debt service requirements to maturity for governmental activities long-term debt are as follows:

Debt Service Requirements Governmental Activities			
Component Unit	Principal	Interest	Total
2020	$ 5,430,415	$ 1,428,597	$ 6,859,012
2021	5,540,243	1,143,815	6,684,058
2022	5,426,216	943,139	6,369,355
2023	4,250,000	728,658	4,978,658
2024	2,860,000	560,283	3,420,283
2025-2029	10,440,000	1,200,233	11,640,233
2030-2034	1,015,000	138,008	1,153,008
2035	175,000	7,000	182,000
Total	$ 35,136,874	$ 6,149,733	$ 41,286,607

4. Changes in Business-Type Activities Long-Term Debt

The following table summarizes the changes in business-type activities debt of the Park District for the year ended December 31, 2019:

Summary of Business-Type Activities Debt for the year ended December 31, 2019

	Outstanding January 1	Additions	Reductions	Outstanding December 31	Due Within One Year
Component Unit					
Compensated absences	758,084	270,938	254,887	774,135	294,515
Total OPEB Liability	1,748,679	87,096	918,051	917,724	—
Total	$ 2,506,763	$ 358,034	$ 1,172,938	$ 1,691,859	$ 294,515

The Certificates of Participation require the establishment of bond reserves of an amount equal to the lesser of a) 10% of the stated principal amount of the certificates; b) the maximum annual debt service requirements; or c) 125% of the average annual debt service requirements. The exception to this requirement is the Series 2011A bond reserve, which is discussed below. The governmental activities have $4,477,434 restricted for the required bond reserves.

The Direct Lease is a direct placement issue which is not publicly traded. The lease does not have a requirement for the establishment of reserve funds.

The 2019A and 2019B Certificates of Participation were issued for the purpose of financing new improvements and to acquire real property to be used for park and recreation purposes. The 2019C Series was a current refunding of 2010D Series, which resulted in cash flow savings of $330,671 and an economic gain of $88,973. The 2019D Series was a current refunding of the 2011A lease purchase agreement, which resulted in cash flow savings of $112,557 and an economic gain of $105,392.

i. Fire Districts

1. Changes in Governmental Activities Long-Term Debt

The following table summarizes the changes in governmental activities long-term debt of the Fire Districts for the year ended December 31, 2019:

Summary of Governmental Activities Debt for the year ended December 31, 2019

	Outstanding January 1	Prior Period Adjustment	Additions	Retirements	Outstanding December 31	Due Within One Year
Governmental Activities:						
Pumper truck loan	$ 291,714	$ —	$ —	$ (107,756)	$ 183,958	$ 50,207
General obligation bonds	12,320,000	—	12,445,000	(3,825,000)	20,940,000	790,000
Plus: Bond Premium	16,780	—	896,129	(16,780)	896,129	56,873
Capital leases	1,509,485	—	1,392,925	(257,606)	2,644,804	343,874
Compensated absences	1,616,208	141,172	129,751	(174,049)	1,713,082	35,000
Net pension liability	22,044,894	—	4,166,643	(1,169,354)	25,042,183	—
Total OPEB liability	4,574,151	—	417,589	(102,338)	4,889,402	—
	$ 42,373,232	$ 141,172	$19,448,037	$ (5,652,883)	$ 56,309,558	$1,275,954

At December 31, 2019, governmental activities debt for the Fire Districts consists of the following:

Summary of Bond Issues

	Issued	Maturity	Original Amount	Governmental Activities Balance	Rate
2010 Pumper Loan	2/1/14	2/1/24	$ 451,432	$ 183,958	3.99%
General obligation bonds:					
2006A G.O. Bonds	3/1/06	9/1/21	1,055,000	185,000	3.50% - 5.00%
2015A G.O. Bonds	5/1/15	9/1/30	2,585,000	2,395,000	1.50% - 3.00%
2017A Refunding Bonds	12/13/17	9/1/37	8,485,000	5,915,000	2.00% - 3.00%
2019A Refunding Bonds	12/3/19	9/1/30	2,850,000	2,850,000	4.00%
2019B G.O. Bonds	12/3/19	9/1/39	9,595,000	9,595,000	3.00% - 4.00%
			$ 23,021,432	$ 21,123,958	

Annual debt service requirements to maturity for Fire District governmental activities long-term debt are as follows:

Debt Service Requirements for Governmental Activities General Obligation Bonds

	Principal	Interest	Total
2020	$ 840,207	$ 309,162	$ 1,149,369
2021	961,149	913,442	1,874,591
2022	1,142,798	629,549	1,772,347
2023	1,149,804	593,946	1,743,750
2024	1,150,000	561,254	1,711,254
2025-2029	6,330,000	2,242,349	8,572,349
2030-2034	5,080,000	1,189,850	6,269,850
2035-2039	4,470,000	373,050	4,843,050
	$ 21,123,958	$ 6,812,599	$ 27,936,557

9. *Fund Balances*

Fund balances for all the major and nonmajor governmental funds as of December 31, 2019, were distributed as follows:

Johnson County, Kansas
Fund Balance Classifications
Governmental Funds
December 31, 2019

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
Nonspendable				
Inventories	$ 296,674	$ —	$ 891,409	$ 1,188,083
Prepaids	970,058	—	613,147	1,583,205
Subtotal	1,266,732	—	1,504,556	2,771,288
Restricted:				
General Government	4,219	—	5,086,723	5,090,942
Public Works	—	—	2,321,866	2,321,866
Public Safety	16,119,215	—	7,048,549	23,167,764
Health and Human Services	836,117	—	743,570	1,579,687
Planning and Economic Development	—	—	70,900	70,900
Culture and Recreation	—	—	1,180,666	1,180,666
Capital Projects	—	—	—	—
Debt Service	—	—	2,618,008	2,618,008
Subtotal	16,959,551	—	19,070,282	36,029,833
Committed:				
General Government	1,685,267	—	—	1,685,267
Public Works	—	106,343,608	27,902	106,371,510
Public Safety	3,267,363	—	—	3,267,363
Health and Human Services	—	—	107,424	107,424
Planning and Economic Development	1,505,533	—	109,799	1,615,332
Culture and Recreation	8,032	—	—	8,032
Subtotal	6,466,215	106,343,608	245,125	113,054,948
Assigned:				
General Government	443,551	—	474,083	917,634
Public Works	319,762	—	6,673,648	6,993,410
Public Safety	2,530,316	—	825,230	3,355,546
Health and Human Services	218,128	—	5,186,639	5,404,767
Planning and Economic Development	2,217	—	—	2,217
Culture and Recreation	—	—	8,878,781	8,878,781
Subtotal	3,513,974	—	22,038,381	25,552,355
Unassigned:	89,360,208	—	—	89,360,208
Total Fund Balances:	$ 117,566,680	$ 106,343,608	$ 42,858,344	$ 266,768,632

The Board of County Commissioners adopted the County policy on fund balance in December 2002. The policy aims to help reduce the negative impact on the County in times of economic uncertainty and potential losses of funding from other governmental agencies. Financial provisions are considered appropriate in order to:

Maintain Working Capital

1. Meet cash flow requirements.
2. Provide contingencies for unpredictable revenue sources.
3. Provide contingencies for emergencies (such as natural disasters).

Fund Capital Asset Replacement and Debt Retirement

4. Provide funding for capital asset replacement.
5. Meet debt service covenants/requirements.
6. Prepay outstanding debt.

It is the policy of the Board to maintain prudent provisions for established funds based on the six factors listed above, and all provision policies shall be analyzed on a periodic basis.

It is the policy of the Board to maintain a provision amount in the County's General Fund that ranges between 10% and 15% of estimated annual General Fund net revenues. General Fund net revenues are defined as the total annual budgeted revenues for the General Fund, excluding intrafund transfers and cost allocation expenditures budgeted in the General Fund. Any General Fund provision amounts in excess of the policy calculation are considered one-time (non-recurring and unpredictable) revenues and shall not be used to fund on-going expenditures. However, provisions may be used on a short-term basis to offset the impact of economic downturns.

It is the policy of the Board to maintain a provision of the County's Debt Service Fund and the Library's Debt Service Fund between 5% and 10% of the annual principal and interest amounts due on outstanding bonds, plus 100% of any annual principal and interest amounts due on outstanding temporary notes. Any Debt Service Fund provision amounts in excess of 10% can only be used to reduce the amount of outstanding debt or to reduce the debt service property tax levy.

It is the policy of the Board to establish and maintain a provision, including funding for plan run-out, within the County's Health Care Fund. The amount of the provision shall be determined annually by the Board based upon funding recommendations prepared by the County Manager. The provision amount for any given year shall not be less than that amount which is determined to provide a provision level of high minimal funding and the provision goal for each year shall be that amount which is determined to provide a provision level of "secure funding". The County Manager and/or his designee shall develop and adopt criteria and procedures, recognized in the health care insurance industry, for determining the high minimal funding level and the secure funding level, but they should consider the following:

1. The County's average monthly claims.
2. Trending factors for claims and costs.
3. Trending factors for utilization of the fund.
4. Exposure to catastrophic or other cost factors.
5. The ability of the fund to be and remain viable through various experiences.

It is the policy of the Board to maintain a minimum provision between 5% and 10% of budgeted annual expenditures for the following funds:

- Public Works Fund
- Transportation Fund
- Airport Fund
- Library Operating Fund
- Library Special Use Fund
- 911 Telephone Fund
- County Building Fund
- Alcohol Tax Fund
- Public Health Fund

It is the policy of the Board to maintain a minimum provision between 8% and 12% of budgeted annual expenditures per fund for the following funds:

- Developmental Supports Fund
- Mental Health Fund

If the provision amount for any County fund falls below the minimum established provision level, the County Manager shall submit a recommended plan to the Board as soon as practical, but not to exceed 90 days following receipt of notice from the Director of Budget and Financial Planning and the Director of Treasury and Financial Management, to rebuild the provision to the minimum level.

Purposes of Fund Balance Classifications

A. General Fund

The total restricted fund balance for the General Fund for 2019 is $16,959,551. The majority of this is related to Public Safety. The largest portion, $12.9 million, are receipts from the Public Safety Sales Tax that will be used for the construction of a new courthouse and coroner facility. Another $2 million are Public Safety Sales Tax receipts to be used for facilities including jail beds, a crime lab, and juvenile detention campus. Additionally, $780 thousand are receipts restricted for Sheriff related to the jail and laboratory. An additional $144 thousand are receipts from fees to administer District Court domestic violence programs, bond supervision, and juvenile supervision.

The total committed fund balance for the General Fund for 2019 is $6,466,215. General Government accounts for $1.7 million - $375 thousand of which is a contingency for sick/disability pay, and $500 thousand, which were set aside in the adopted budget for expenditures that could not be reasonably anticipated or for which revenue shortfalls have occurred or which supplement otherwise authorized expenditures. Public Safety accounts for $3.3 million, which is comprised of $2.5 million as a contingency for adult and juvenile prisoner boarding, prisoner medical costs, and for general county litigation expenses, and $586 thousand for programs including the Corrections house arrest program. Planning and economic development accounts for $1.5 million, which are related to contractor licensing.

The total assigned fund balance for the General Fund for 2019 is $3,513,974. Public Safety accounts for $2.5 million. The components of this include $368 thousand for District Court programs, $280 thousand for District Attorney programs, $1.2 million for the Sheriff commissary program, and $272 thousand for Corrections training and other programs. The remaining assigned fund balance for Public Safety represents encumbrances related to Emergency Communications and other Public Safety related departments. Health and Human Services comprise $218 thousand of the assigned fund balance. Most of this is for aging services. The rest of the assigned fund balance in the General Fund relates to encumbrances across departments not related to Public Safety.

B. Capital Projects Fund

All fund balance is committed under Public Works, except for a small number of prepaid items.

C. Other Governmental Funds

The other governmental funds are comprised of the special revenue, debt service, and non-major capital projects funds (Register of Deeds Technology, Stormwater, Public Works, and County Building funds.) The restricted revenue sources for these funds are a combination of tax and intergovernmental revenue, and charges for services that relate to the purpose of each fund. Any transfers in from the General Fund are considered committed. Investment earnings, revenues from licenses and permits and revenues from miscellaneous sources are considered assigned revenue sources. Fund balance for each fund is depleted via expenditures in the order of restricted, committed, assigned, and unassigned. Please see the individual special revenue, debt service, and non-major capital projects fund statements for the fund balance detail.

10. Self-Insurance

A. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Since November 1990, the County has qualified as a self-insurer for workers' compensation benefits. Workers' Compensation costs are paid into the Risk Management internal service fund by all other funds through an allocation system and are available to pay claims and administrative costs of the program. The County is self-insured for workers' compensation claims for the first $500,000 per occurrence. Specific excess insurance is purchased commercially to provide protection in excess of the self-insured amount. Settled claims have not exceeded the retention amount in any of the past three fiscal years. No aggregate excess coverage is purchased. A third party claims administrator is contracted to provide claims administration and payment services.

As of December 31, 2019, incurred but not reported (IBNR) workers' compensation claims of $1,300,023 have been accrued as a liability in the Risk Management internal service fund based upon an actuary's estimate. Additional workers' compensation claims incurred and outstanding of $1,134,062 have also been recorded in this fund.

The County retains liability for $500,000 of each occurrence for losses related to automobile and general liability. Excess insurance is purchased to cover any loss in excess of the self-insured retention. Settled claims have not exceeded the retention or the commercial coverage in any of the past three fiscal years. The County purchases Public Officials Errors & Omissions and Employment Practices Liability insurance which provides coverage in excess of a $500,000 retention per each wrongful act. Settled claims have not exceeded the retention or commercial coverage in any of the past three fiscal years. Law Enforcement Liability insurance coverage is purchased to cover the Sheriff's Operations. This insurance is subject to a $100,000 per occurrence deductible. Settled claims have not exceeded the deductible or the commercial coverage in any of the past three fiscal years. There were no significant reductions in the insurance coverage from the prior year. As of December 31, 2019, incurred but not reported (IBNR) automobile, general, and law enforcement liability claims of $515,922 have been accrued as a liability in the Risk Management internal service fund based upon an actuary's estimate. A liability for automobile, general, and law enforcement claims is established when payment is determined to be probable and reasonable estimates of expected costs are available. These amounts are in the categories as listed below:

Automobile liability	$	30,494
General liability		141,237
Law enforcement liability		344,191
Total	$	515,922

Changes in the Risk Management internal service fund's insurance claims payable during 2019 and 2018 were as follows:

Risk Management and Workers Compensation						
		Claims Liability Beginning of Year	Claims and Changes in Estimates	Claim Payments		Claims Liability End of Year
2019	$	2,901,136	4,126,307	(4,077,438)	$	2,950,005
2018		3,071,096	5,691,082	(5,861,042)		2,901,136

The above totals represent both the Workers' Compensation fund as well as tort and non-tort liability Reserve fund costs. The Risk Management claims payable are based upon claims adjusters' and management's evaluation, and an actuarial review of experience with respect to the probable number and nature of claims arising from losses that have been incurred but not reported. The liability represents the estimated ultimate cost of settling the claims, including incremental costs, the effects of inflation and other societal and economic factors. Other non-incremental costs are not included in the basis of estimating the liability.

Included in the Risk Management fund's net position is an amount for future catastrophic tort and non-tort losses not otherwise insured in the amount of $1,261,058, and $960,963 at December 31, 2019 and December 31, 2018, respectively.

The Park and Recreation District and Fire Districts do not participate in the County's self-insurance programs for risk management and health care. Both organizations purchase commercial insurance coverage for these risks.

B. Self-Insured Health Care

The County began self-insuring health care benefits in 1990, and has been in a cost-plus arrangement since 1993. The County retains liability up to $350,000 per covered person, with specific stop loss coverage purchased to provide protection in excess of that amount. In addition, the County has aggregate stop-loss coverage for potential health care costs above the maximum funded limit for the County health plans. This aggregate stop-loss is limited to 115% of projected claims for the plan year, and was approximately $50,544,086 and $50,915,908 in 2019 and 2018, respectively. Settled claims have not exceeded this aggregate liability coverage in any of the past three fiscal years. A third party administrator is contracted to provide claims administration and payment services. As of December 31, 2019, a liability of $3,814,047 has been recorded in the Self-Insured Health Care internal service fund for outstanding health care claims, including an estimate for claims incurred but not reported (IBNR).

The Self-Insured Health Care claims payable are based upon claims adjusters' and management's evaluation of submitted medical claims in accordance with the County group health plan contract. The IBNR amount is calculated by a health actuary employed by the County's external employee benefits consulting firm. The liability represents the estimated ultimate cost of settling the claims, including incremental costs, the effects of inflation and other societal and economic factors. Other non-incremental costs are not included in the basis of estimating the liability.

Changes in the Self-Insured Health Care internal service fund's insurance claims payable during 2019 and 2018 were as follows:

Self-Insured Health Care				
	Insurance Claims Liability Beginning of Year	Claims and Changes in Estimates	Claim Payments	Insurance Claims Liability End of Year
2019	$ 3,900,669	50,972,278	(51,058,900)	$3,814,047
2018	$ 3,686,690	49,390,375	(49,176,396)	$3,900,669

11. Commitments and Contingencies

A. Federal Assistance

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the County expects such amounts, if any, to be immaterial.

B. Litigation

The County and its related entities are involved in various lawsuits arising in the ordinary course of activities, including claims related to law enforcement activities, personal injuries and personnel issues, property condemnation proceedings, and suits contesting the legality of certain taxes. While these cases may have future financial effect, management, based on advice from counsel, believes that their ultimate outcome will not be material to the financial statements.

C. Encumbrances

The County uses "encumbrances" to control expenditure commitments for the year and to enhance cash management. Encumbrances represent commitments related to executory contracts not yet performed and purchase orders not yet filled. Commitments for such expenditure of monies are encumbered to reserve a portion of applicable appropriations. Encumbrances still open at year end are not accounted for as expenditures and liabilities but, rather, as restricted, committed, or assigned fund balance. As of December 31, 2019, the County's General Fund had a total of $1.2 million in encumbrances, which were reported as part of the government fund balance sheet as follows:

General Fund:		Encumbrances
Restricted	$	79,466
Committed		36,675
Assigned		1,104,570
	$	1,220,711

D. Commitments

Capital projects often extend from one to four years and are accounted for in the County's Capital Projects Fund. Kansas statutes do not require capital project expenditures to be budgeted. The following is a schedule of project authorizations and expenditures incurred since inception, by category, for capital projects in progress at December 31, 2019.

Primary Government
Project Authorizations and Expenditures Since Inception

Project Category		Authorization		Expenditures Since Inception
Primary Government				
Appraiser	$	2,486,460	$	1,869,221
Budget & Financial Planning		1,860,000		1,277,887
Budget & Financial Planning - Econ. Dev.		1,477,732		1,477,732
Corrections		280,000		218,147
County Managers Office		250,000		118,410
Election		13,683,498		13,657,320
Emergency Management & Communications		10,578,251		6,778,897
Emergency Medical Services		3,957,466		3,453,012
Facilities		26,466,642		13,435,052
Information Technology Services		27,312,901		22,397,680
Justice Information Management		1,751,000		1,627,426
Library		10,565,959		4,161,556
Mental Health		518,497		518,062
Public Works		164,684,404		119,888,274
Public Works - Stormwater		406,304,266		359,806,336
Sheriff		2,994,600		2,887,594
Sheriff		2,994,600		2,887,594
Solid Waste		889,660		311,618
Total	$	681,800,771	$	557,791,534

12. Pension Plans

A. KPERS/KP&F

Plan Description. Johnson County, the Park District, and the Fire Districts participate in the Kansas Public Employees Retirement System (KPERS) and the Kansas Police and Firemen's Retirement System (KP&F). Both are part of a cost-sharing, multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, *et seq.*

Benefits provided. KPERS and KP&F provide retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS and KP&F issue a publicly available joint financial report that includes financial statements and required supplementary information. Those reports may be obtained by writing to KPERS (611 S. Kansas Avenue, Suite 100; Topeka, KS 66603-3869) or by calling 1-888-275-5737.

Contributions. K.S.A. 74-4919 and K.S.A 74-49,210 established the KPERS member-employee contribution rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2 or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009, and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law established the KPERS member-employee contribution rate at 6% of covered salary for KPERS 1, KPERS 2 and KPERS 3 members.

K.S.A. 74-4975 establishes the KP&F member-employee contribution rate at 7.15% of covered salary. The employer collects and remits member-employee contributions according to the provisions of section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rates be determined annually based on the results of an annual actuarial valuation. KPERS and KP&F are funded on an actuarial reserve basis. State law sets a limitation on annual increases in the employer contribution rates. The KPERS employer rate established for the fiscal year ended December 31, 2019 was 8.89%. The Johnson County employer contributions to KPERS for the year ending December 31, 2019 was $13,429,318 and equal the required contributions.

On July 1, 2006, legislation went into effect requiring governmental agencies to pay a KPERS employer contribution rate on certain KPERS retirees who work after retirement (House Substitute for SB 270). Recent legislation has changed working-after-retirement rules for both employers and members if a retiree returns to KPERS employer. Beginning July 1, 2016, all KPERS retirees will have a $25,000 earnings limit for each calendar year. Employers will make contributions on all retiree compensation. The contribution rate varies depending on certain circumstances.

The KP&F employer rates established for fiscal year 2019 was 22.13% for participating emergency medical staff and sheriff. Employers participating in KP&F also make contributions to amortize the liability for past service costs, if any, which is determined separately for each participating employer. The Johnson County contributions to KP&F for the year ending December 31, 2019 was $11,056,260 and were equal to the required contributions.

Although KPERS administers one cost sharing multiple-employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense are determined separately for each group of the plan. The County participates in the local (KPERS) group and the Police and Firemen (KP&F) group.

At December 31, 2019, the County reported a liability of $112,594,008 for KPERS and $92,449,168 for KP&F for its proportionate share of the KPERS' collective net pension liability. The collective net pension liability was measured by KPERS as of June 30, 2019, and the total pension liability used to calculate the collective net pension liability was determined by an actuarial valuation as of December 31, 2018, which was rolled forward to June 30, 2019. The County's proportion of the collective net pension liability was based on the ratio of the County's actual contributions to KPERS and KP&F, relative to the total employer and non-employer contributions of the KPERS and KP&F for the fiscal year ended June 30, 2019. The contributions used exclude contributions made for prior service, excess benefits and irregular payments. At June 30, 2019, the County's proportion and change from its proportion measured as of June 30, 2018 were as follows:

	Net Pension liability as of December 31, 2019				
	Governmental Activities	Business-Type Activities	Total	Proportion as of June 30, 2019	Change in proportion from June 30, 2018
KPERS (local)	$ 106,282,980	$ 6,311,028	$ 112,594,008	0.08058	0.00096
KP&F	92,449,168	—	92,449,168	0.09134	(0.00453)
	$ 198,732,148	$ 6,311,028	$ 205,043,176		

For the year ended December 31, 2019, the County recognized pension expense of $15,677,967 for KPERS and $15,208,444 for KP&F. At December 31, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

KPERS	Governmental Activities		Business-Type Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 231,855	$ 2,675,268	$ 14,611	$ 160,310
Net difference between projected and actual earnings on pension plan investments	2,491,952	—	157,033	—
Changes in proportionate share	3,942,347	—	248,431	—
Changes in assumptions	3,237,269	215,303	204,000	12,902
County contributions subsequent to measurement date	6,304,591	—	397,291	—
Total	$ 16,208,014	$ 2,890,571	$ 1,021,366	$ 173,212

KP&F	Governmental Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 5,222,794	$ 171,343
Net difference between projected and actual earnings on pension plan investments	1,860,767	—
Changes in proportionate share	2,468,835	4,491,179
Changes in assumptions	3,274,925	102,360
County contributions subsequent to measurement date	5,567,397	—
Total	$ 18,394,718	$ 4,764,882

The $6,701,882 (KPERS) and $5,567,397 (KP&F) reported as deferred outflows of resources related to pensions resulting from the County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as increases (decreases) to pension expense as follows:

KPERS	Governmental Activities	Business-Type Activities
Year ended December 31:	Deferred Outflows (Inflows) of Resources	Deferred Outflows (Inflows) of Resources
2020	$ 4,072,538	$ 256,636
2021	237,110	14,942
2022	1,632,956	102,903
2023	1,077,399	67,893
2024	(7,151)	8,489
	$ 7,012,852	$ 450,863

KP&F	Governmental Activities
Year ended December 31:	Deferred Outflows (Inflows) of Resources
2020	$ 4,498,922
2021	1,341,044
2022	1,672,545
2023	584,961
2024	(35,033)
	$ 8,062,439

Actuarial assumptions. The total pension liability for KPERS was determined by an actuarial valuation as of December 31, 2018, which was rolled forward to June 30, 2019, using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry age normal
Inflation	2.75%
Salary Increases	3.50% to 12.00%, including price inflation
Investment Rate of Return	7.75% compound annually, net of investment expense, including price inflation

Mortality rates were based on the RP-2014 Mortality Tables, with age setbacks and age set forwards as well as other adjustments based on different membership groups. Future mortality improvements are anticipated using Scale MP-2016.

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study conducted for the period January 1, 2013, through December 31, 2015. The experience study is dated November 18, 2016.

The actuarial assumptions changes adopted by the Pension Plan for all groups based on the experience study:

- Price inflation assumption lowered from 3.00% to 2.75%
- Investment return assumption was lowered from 8.00% to 7.75%
- General wage growth assumption was lowered from 4.00% to 3.5%
- Payroll growth assumption was lowered from 4.00% to 3.00%

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class as of the most recent experience study, dated November 18, 2016, as provided by KPERS' investment consultant, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global equity	47.00%	6.85%
Fixed income	13.00	1.25
Yield driven	8.00	6.55
Real return	11.00	1.71
Real estate	11.00	5.05
Alternatives	8.00	9.85
Short-term investments	2.00	(0.25)
Total	100.00%	

Discount rate. The discount rate used by KPERS to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the contractually required rate. The Local employers do not necessarily contribute the full actuarially determined rate. Based on legislation passed in 1993, the employer contribution rates certified by the KPERS' Board of Trustees for this group may not increase by more than the statutory cap. The statutory cap for Fiscal Year 2019 was 1.2%. Employers contribute the full actuarial determined rate for KP&F. Future employer contribution rates were also modeled for KP&F assuming all actuarial assumptions are met in future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's proportionate share of the collective net pension liability to changes in the discount rate. The following presents the County's proportionate share of the collective net pension liability calculated using the discount rate of 7.75%, as well as what the County's proportionate share of the collective net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

	1% Decrease 6.75%	Current Discount Rate 7.75%	1% Increase 8.75%
County's KPERS proportionate share of the net pension liability	$ 168,161,515	$ 112,594,008	$ 66,112,809
County's KP&F proportionate share of the net pension liability	131,192,078	92,449,168	60,013,924
	$ 299,353,593	$ 205,043,176	$ 126,126,733

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued KPERS financial report.

Park and Recreation Component Unit Information:

Johnson County Park & Recreation District's employer contributions to KPERS for the years ended December 31, 2019, 2018, and 2017 were $1,222,368, $1,121,798, and $903,214, respectively, equal to the statutory required contributions for each year. The Park District's employer contributions to KP&F for the years ended December 31, 2019, 2018, and 2017 were $309,599, $283,908, and $240,690, respectively, equal to the statutory required contributions for each year.

At December 31, 2019, the Park District reported a liability of $9,378,814 for KPERS and $2,677,626 for KP&F for its proportionate share of the KPERS' collective net pension liability. The collective net pension liability was measured by KPERS as of June 30, 2019, and the total pension liability used to calculate the collective net pension liability was determined by an actuarial valuation as of December 31, 2018, which was rolled forward to June 30, 2019. The Park District's proportion of the collective net pension liability was based on the ratio of the District's actual contributions to KPERS and KP&F, relative to the total employer and nonemployer contributions of KPERS and KP&F for the fiscal year ended June 30, 2019. The contributions used exclude contributions made for prior service, excess benefits and irregular payments. At June 30, 2019, the District's proportion and change from its proportion measured as of June 30, 2018 were as follows:

	Net pension liability as of December 31, 2019	Proportion as of June 30, 2019	Increase in proportion from June 30, 2018
KPERS (local)	$ 9,378,814	0.6712%	0.0413%
KP&F	2,677,626	0.2646%	0.0015%
	$ 12,056,440		

For the year ended December 31, 2019, the Park District recognized pension expense of $1,619,699 for KPERS and $556,274 for KP&F. At December 31, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 171,799	$ 241,161
Net difference between projected and actual earnings on pension plan	274,548	—
Changes in proportionate share	1,446,917	—
Changes in assumptions	381,509	21,974
Park District contributions subsequent to measurement date	784,405	—
Total	$ 3,059,178	$ 263,135

The $784,405 reported as deferred outflows of resources related to pensions resulting from the Park District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended December 31, 2019.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as increases (decreases) to pension expense as follows:

Year ended December 31:	Deferred Outflows (Inflows) of Resources
2020	893,036
2021	402,768
2022	456,143
2023	249,421
2024	10,270
	2,011,638

The following presents the Park District's proportionate share of the collective net pension liability calculated using the discount rate of 7.75%, as well as what the Park District's proportionate share of the collective net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

	1% Decrease 6.75%	Current Discount Rate 7.75%	1% Increase 8.75%
Park District's KPERS share of the net pension liability	14,007,454	9,378,814	5,507,040
Park District's KP&F proportionate share of the net pension liability	3,799,745	2,677,626	1,738,197
	17,807,199	12,056,440	7,245,237

Fire District Component Unit Information:

The Fire Districts' employer contributions to KPERS for the year ending December 31, 2019 were $21,133, equal to the statutory required contributions. The Fire Districts' contributions to KP&F for the years ending December 31, 2019 was $2,961,150, equal to the statutory required contributions. At December 31, 2019, the Fire Districts reported a liability of $175,231 for KPERS and $24,866,952 for KP&F for its proportionate share of the KPERS' collective net pension liability.

The collective net pension liability was measured by KPERS as of June 30, 2019, and the total pension liability used to calculate the collective net pension liability was determined by an actuarial valuation as of December 31, 2018, which was rolled forward to June 30, 2019. The Fire District's proportion of the collective net pension liability was based on the ratio of the Fire District's actual contributions to KPERS and KP&F, relative to the total employer and nonemployer contributions of KPERS and KP&F for the fiscal year ended June 30, 2019. The contributions used exclude contributions made for prior service, excess benefits and irregular payments. At June 30, 2019, the District's proportion and change from its proportion measured as of June 30, 2018 were as follows:

	Net pension liability as of December 31, 2019	Proportion as of June 30, 2019	Increase /(Decrease) in proportion from June 30, 2018
KPERS (local)	$ 175,231	0.00627%	(4.191)%
KP&F	24,866,952	0.614%	7.635%
	$ 25,042,183		

For the year ended December 31, 2019, the Fire Districts recognized pension expense of ($352,067) for KPERS and $5,578,141 for KP&F. At December 31, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 1,405,210	$ 50,500
Net difference between projected and actual earnings on pension plan	504,632	—
Changes in proportionate share	886,245	1,605,577
Changes in assumptions	4,606,093	461,337
Fire District contributions subsequent to measurement date	1,483,918	—
Total	$ 8,886,098	$ 2,117,414

The $1,483,918 reported as deferred outflows of resources related to pensions resulting from the Fire District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended December 31, 2019.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as increases (decreases) to pension expense as follows:

Year ended December 31:	Deferred Outflows (Inflows) of Resources
2020	2,095,052
2021	1,194,747
2022	1,255,119
2023	701,428
2024	38,415
	5,284,761

The following presents the Fire District's proportionate share of the collective net pension liability calculated using the discount rate of 7.75%, as well as what the Fire District's proportionate share of the collective net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

	1% Decrease 6.75%	Current Discount Rate 7.75%	1% Increase 8.75%
Fire District's KPERS proportionate share of the net pension liability	261,711	175,231	102,892
Fire District's KP&F proportionate share of the net pension liability	35,288,012	24,866,952	16,142,530
	35,549,723	25,042,183	16,245,422

B. Deferred Compensation Plan

The County offers its employees a deferred compensation plan in accordance with Internal Revenue Code Section 457. The plan, available to all employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees or other beneficiaries until termination, retirement, death or unforeseeable emergency.

The plan assets have been placed in a trust for the exclusive benefit of the employees and are not the property of the County or subject to the claims of the County's general creditors. The County has no administrative involvement and does not perform the investing function related to this plan. The County has no fiduciary accountability for the plan, and accordingly, the plan assets and related liabilities to plan participants are not included in the basic financial statements.

C. Supplemental Retirement Plans

In 2001, the Board of County Commissioners established three separate single-employer defined contribution plans effective beginning with fiscal year 2002: 1) the Johnson County Supplemental Retirement Plan, 2) the Johnson County Executive Retirement Plan and 3) the Johnson County Elected Retirement Plan. Plan benefit provisions and contribution requirements for each plan were established by Johnson County Resolution No. 105-01 and may be amended by the Board of County Commissioners of Johnson County, Kansas (the Employer). The administrator for these plans will be Johnson County, Kansas. The plans are in accordance with Internal Revenue Code 401(a). A separate audited GAAP-basis pension plan report is not available for the defined contribution pension plans.

The Johnson County Supplemental Retirement Plan was established to provide benefits at retirement to all eligible employees of Johnson County other than elected officials. Substantially all regular employees over the age of eighteen who are scheduled for eighty hours or greater per pay period and any part-time employees who are in positions of ½ full-time equivalent or greater are eligible to participate in this plan. This plan covers all eligible members for the County as of January 1, 2002 provided the eligible employee has opted to participate in the Johnson County Deferred Compensation Plan (as established under Internal Revenue Code Section 457). The minimum participation requirement to the deferred compensation plan is $10 per pay period in order to qualify for the Employer's matching contribution. The Employer's matching contribution shall be in the amount equal to 100% of the employee's contribution to the deferred compensation plan subject to a maximum of 3% per bi-weekly base salary per pay period. All contributions to this plan are by the Employer, and the amount to be contributed is discretionary and established by the Employer. No contributions by the employees are permitted to this plan. Employees vest in the plan as follows: 20% with one year of service, 40% with two years of service, 60% with three years of service, 80% with four years of service, and 100% with five years of service. Years of service prior to January 1, 2002 will be counted for vesting purposes for this plan.

The Johnson County Executive Retirement Plan was established to provide benefits at retirement for the County Manager. This plan covers one member, who is 100% vested at the time of enrollment. All contributions to this plan are by the Employer, and the amount to be contributed is discretionary and is determined by the Employer. No employee contributions are permitted.

The Johnson County Elected Retirement Plan was established to provide benefits at retirement for the Elected Officials of the County. This plan covers all elected officials for the County as of January 1, 2002 provided the elected official has opted to participate in the Johnson County Deferred Compensation Plan (as established under Internal Revenue Code Section 457). The minimum participation requirement to the deferred compensation plan is $10 per pay period in order to qualify for the Employer's matching contribution to the retirement plan. The Employer's matching contribution to the retirement plan shall be in an amount equal to 100% of the Elected Official's contribution to the deferred compensation plan subject to a maximum of 3% per bi-weekly base salary per pay period. All contributions to this plan are by the Employer, and the amount to be contributed is discretionary and established by the Employer. No contributions by the elected officials are permitted to this plan. Elected officials will vest as follows: 25% with one year of service, 50% with two years of service, 75% with three years of service, and 100% vested with four years of service. Years of service prior to January 1, 2002 will be counted for vesting purposes for this plan.

Information Regarding the Supplemental Retirement Plans

	Number of Active Participants		
Fiscal Year Ending	Employee	Executive	Elected
12/31/2019	2,538	1	8
12/31/2018	2,476	2	6
12/31/2017	2,134	1	6

	County Contributions		
Fiscal Year Ending	Employee	Executive	Elected
12/31/2019	$ 3,904,200	$ 10,000	$ 17,717
12/31/2018	3,780,444	5,038	16,439
12/31/2017	3,523,411	8,000	15,817

13. Conduit Debt Obligations

The County has issued industrial revenue bonds to provide financial assistance to private businesses for economic development purposes. These bonds are secured by the properties financed as well as letters of credit and are payable solely from payments received from the private businesses involved. Ownership of the acquired facilities is in the name of the private business served by the bond issuance. Neither the County nor any political subdivision thereof is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of December 31, 2019, there was one issue of industrial revenue bonds outstanding with an original amount of $3.5 million.

14. Postemployment Benefits Other Than Pensions

Plan Description

The County sponsors a single-employer defined benefit healthcare plan that provides healthcare benefits to retirees and their dependents, including medical, dental, and vision coverage. Retiree health coverage is provided for under Kansas Statute 12-5040. Retirees who retire with at least 10 years of cumulative service with the County and commence retirement or disability benefits under the Kansas Public Employee Retirement System (KPERS) or the Kansas Police and Firemen's Retirement System (KP&F) are eligible for benefits.

The County requires retirees to pay the same premiums charged to COBRA participants for medical, dental, and vision coverage. The COBRA rates being paid by retirees for benefits are typically lower than those for individual health insurance policies. The difference between these two amounts is the implicit rate subsidy, which is considered other post-employment benefits (OPEB) under Governmental Accounting Standards Board Statement No. 75. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Retirees and spouses have the same benefits as active employees. Retiree coverage terminates either when the retiree becomes covered under another employer health plan, or when the retiree reaches Medicare eligibility age which is currently age 65. Spousal coverage is available until the retiree becomes covered under another employer health plan, attains Medicare eligibility age, or dies. The contribution requirements of plan members and the County are established and may be amended by the County. The contribution is based on pay-as-you-go financing requirements.

Employees Covered by Benefit Terms

As of December 31, 2019, the following employees were covered by the benefit terms:

Active employees eligible for coverage	2,809
Inactive employees or beneficiaries currently receiving benefit payments	60
	2,869

Total OPEB Liability

The County's total OPEB liability of $17,845,391 was measured as of December 31, 2019, and was determined by an actuarial valuation as of that date. $16,596,214 of this liability represents governmental activities and $1,249,177 represents business type activities.

Actuarial Assumptions and Methods

The total OPEB liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75%
Payroll growth	3.5%
Discount rate	3.26%
Healthcare cost trend rates	8.0% for 2020, decreasing 0.5% per year to an ultimate rate of 5% for 2026 and later years
Retirees' share of benefit-related costs	Retirees contribute the funding rate plus 2% additional COBRA load.

This discount rate was selected from a range of 3 indices: Bond Buyer Go 20-Bond Municipal Bond Index (2.74%), S&P Municipal Bond 20-Year High Grade Rate Index (3.26%), and Fidelity 20-Year Go Municipal Bond Index (2.75%). Based on these, the actuary used a discount rate of 3.26%.

Mortality rates were based on the RPH-2018 Total Dataset Mortality Table fully generational using Scale MP-2018 (RPH-2018 table is created based on RPH-2014 Total Dataset Mortality Table with 8 years of MP-2014 mortality improvement backed out, projected to 2018 using MP-2018 improvement.)

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at 12/31/2018	$ 20,550,676
Service cost	1,330,340
Interest cost	888,818
Changes of benefit terms	—
Changes in assumptions	(2,807,371)
Differences between expected and actual experience	(1,348,446)
Benefit payments	(768,626)
Net change	(2,705,285)
Balance at 12/31/2019	$ 17,845,391

Sensitivity Results

The following presents the total OPEB liability as of December 31, 2019, calculated using the discount rate assumed and what it would be using a 1% higher and 1% lower discount rate.

- The current discount rate is 3.26%.
- The 1% decrease in discount rate would be 2.26%.
- The 1% increase in discount rate would be 4.26%.

As of December 31, 2019	Total OPEB Liability
1% Decrease	$ 19,491,391
Current Discount Rate	17,845,391
1% Increase	16,356,028

The following presents the total OPEB liability as of December 31, 2019, calculated using the health care trend rates assumed and what it would be using a 1% higher and 1% lower health care trend rates.

- The current health care trend rate starts at an initial rate of 8.0% decreasing by 0.5% annually to an ultimate rate of 5.0%.
- The 1% decrease in health care trend rates would assume an initial rate of 7.0% decreasing by 0.5% annually to an ultimate rate of 4.0%.
- The 1% increase in health care trend rates would assume an initial rate of 9.0% decreasing by 0.5% annually to an ultimate rate of 6.0%.

As of December 31, 2019	Total OPEB Liability
1% Decrease	$ 15,703,573
Current Health Care Trend Rates	17,845,391
1% Increase	20,369,781

For the year ended December 31, 2019, the County recognized OPEB expense of $1,641,307. At December 31, 2019, the County reported deferred inflows of resources and deferred outflows of resources related to OPEB from the following sources:

	Governmental Activities		Business-Type Activities	
	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	$ 2,405,052	$ 1,410,370	$ 181,024	$ 106,157
Changes in assumptions	3,463,320	528,181	260,680	39,755
Total	$ 5,868,372	$ 1,938,551	$ 441,704	$ 145,912

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	Deferred Outflows (Inflows) of Resources	
Year ended December 31:	Governmental Activities	Business-Type Activities
2020	$ (537,402)	$ (40,449)
2021	(537,402)	(40,449)
2022	(537,402)	(40,449)
2023	(537,402)	(40,449)
2024	(537,402)	(40,449)
Thereafter	(1,242,814)	(93,544)
	$ (3,929,822)	$ (295,791)

Plan Report: The Plan does not issue a stand-alone audited GAAP - basis report.

Park and Recreation Component Unit OPEB Information:

Plan description and funding policy: The Park District sponsors a single-employer health care plan that provides medical benefits to employees and retirees. Members who qualify for pension benefits under the

Kansas Public Employee Retirement System (KPERS) are eligible for benefits. Under KPERS, a participant must be at least age 55 with at least 10 years of service, meet Rule of 85 at any age, or have at least 10 years of service to qualify for a disability benefit under the KPERS disability benefits program. Retirees are required to pay 105 percent of the blended premium rates to receive benefits.
Retirees may elect to stay on the Park District's plan until reaching Medicare eligibility age which is currently 65. The current funding policy of the Park District is to pay premiums as they occur. This arrangement does not qualify as OPEB plan assets under GASB for current GASB reporting. The Park District establishes and amends contribution requirements. The required contribution is based on projected pay-as-you-go financing. For fiscal year 2019, the Park District contributed approximately $65,299. Retirees receiving benefits contributed $25,299 through their required contributions.

Employees covered by benefit terms: At December 31, 2019, the following employees were covered by the benefit terms:

Active employees eligible for coverage	239
Inactive employees or beneficiaries currently receiving benefit payments	1
	240

The Park District's total OPEB liability of $1,274,609, was measured as of December 1, 2019, and results were actuarially rolled forward to December 31, 2019 on a "no loss / no gain" basis.

Actuarial assumptions and other inputs: The total OPEB liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75%
Payroll growth	3.50%
Discount rate	3.26%
Healthcare cost trend rates	8% for 2020, decreasing 0.5% per year to an ultimate rate of 5% for 2026 and later years
Retirees' share of benefit-related costs	100% of projected health insurance premiums for retirees

Under GASB 75, allocation of actuarial present value of future benefits for services prior and after the measurement date was determined using entry age normal level percent of salary method where:

- Service cost for each individual participant, payable from date of employment to date of retirement, is sufficient to pay for the participant's benefit at retirement; and
- Annual service cost is a constant percentage of the participant's salary that is assumed to increase according to the payroll growth.

The discount rate used in valuing OPEB liabilities for unfunded plans as of the Measurement Date must be based on a yield for 20-year-tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale). The current valuation uses a discount rate of 3.26%. This change has caused a slight decrease in the liabilities for the Park District.

This discount rate was selected from a range of 3 indices: Bond Buyer Go 20-Bond Municipal Bond Index (2.74%), S&P Municipal Bond 20-Year High Grade Rate Index (3.26%), and Fidelity 20-Year Go Municipal Bond Index (2.75%). Based on these, the actuary used a discount rate of 3.26%.

Mortality rates were based on the RPH-2018 Total Dataset Mortality Table fully generational using Scale MP-2018 (RPH-2018 table is created based on RPH-2014 Total Dataset Mortality Table with 8 years of MP-2014 mortality improvement backed out, projected to 2018 using MP-2018 improvement.)

Health care trend rates use an initial rate of 8.0% decreasing by 0.5% annually to an ultimate rate of 5.0% in years 2026 and beyond.

Termination rates for the Park District have been updated to be consistent with those used in the KPERS and KPF pension actuarial valuation for the fiscal year ending December 31, 2019.

Changes in the total OPEB liability are as follows:

	Total OPEB Liability
Balance at 12/31/2018	$ 2,653,880
Service cost	182,761
Interest cost	115,258
Changes of benefit terms	—
Changes in assumptions	(1,569,990)
Differences between expected and actual experience	(42,001)
Benefit payments	(65,299)
Net change	(1,379,271)
Balance at 12/31/2019	$ 1,274,609

Sensitivity Results

Sensitivity of the total OPEB liability to changes in the discount rate: The following presents the total OPEB liability of the Park District, as well as what the Park District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.26%) or 1 percentage point higher (4.26%) than the current discount rate:

As of December 31, 2019	Total OPEB Liability
1% Decrease	$ 1,386,247
Current Discount Rate	1,274,609
1% Increase	1,168,459

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates: The following presents the total OPEB liability of the Park District, as well as what the Park District's total liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (7.0%) or 1 percentage point higher (9.0%) than the current healthcare cost trend rate:

As of December 31, 2019	Total OPEB Liability
1% Decrease	$ 1,083,443
Current Health Care Trend Rates	1,274,609
1% Increase	1,508,286

OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB: For the year ended December 31, 2019, the Park District recognized OPEB expense of $103,466. At December 31, 2019, the Park District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Governmental Activities		Business-Type Activities	
	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	$ (14,700)	$ 109,315	$ (22,051)	$ 163,973
Changes in assumptions	(716,315)	27,299	(1,074,473)	40,948
Total	$ (731,015)	$ 136,614	$ (1,096,524)	$ 204,921

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	Deferred Outflows (Inflows) of Resources	
Year ended December 31:	Governmental Activities	Business-Type Activities
2020	$ (77,821)	$ (116,732)
2021	(77,821)	(116,732)
2022	(77,821)	(116,732)
2023	(77,821)	(116,732)
2024	(77,822)	(116,732)
Thereafter	(205,295)	(307,943)
	$ (594,401)	$ (891,603)

Plan Report: The Plan does not issue a stand-alone audited GAAP - basis report.

Fire District Component Unit OPEB Information:

Plan description and funding policy: The District sponsors a single-employer health care plan that provides medical benefits to employees and retirees. Members who qualify for pension benefits under the Kansas Public Employee Retirement System (KPERS) are eligible for benefits. Under KPERS, a participant must be at least age 55 with at least 10 years of service, meet Rule of 85 at any age, or have at least 10 years of service to qualify for a disability benefit under the KPERS disability benefits program. Retirees are required to pay 105 percent of the blended premium rates to receive benefits. Retirees may elect to stay on the Fire Districts' plan until reaching Medicare eligibility age which is currently 65. The current funding policy of the Fire Districts is to pay premiums as they occur. This arrangement does not qualify as OPEB plan assets under GASB for current GASB reporting. The District establishes and amends contribution requirements. The required contribution is based on projected pay-as-you-go financing. For fiscal year 2019, the District contributed approximately $366,838.

GASB Statement No. 75, Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions, requires governments to report a liability on the face of the financial statements for the OPEB that they provide. Statement No. 75 requires governments in all types of OPEB plans to present more extensive note disclosures and required supplementary information (RSI) about their OPEB liabilities. Among the note disclosures is a description of the effect on the reported OPEB liability of using a discount rate and a healthcare cost trend rate that are one percentage point higher and one percentage point lower than assumed by the government. RSI includes a schedule showing the causes of increases and decreases in the OPEB liability and a schedule comparing a government's actual OPEB contributions to its contribution requirements.

Employees covered by benefit terms: At December 31, 2019, the following employees were covered by the benefit terms:

Active employees eligible for coverage	117
Inactive employees or beneficiaries currently receiving benefit payments	18
	135

The District's total OPEB liability of $4,888,286, was measured as of December 1, 2019, and results were actuarially rolled forward to December 31, 2019 on a "no loss / no gain" basis.
Actuarial assumptions and other inputs: The total OPEB liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75%
Payroll growth	3.50%
Discount rate	3.26%
Healthcare cost trend rates	8% for 2020, decreasing 0.5% per year to an ultimate rate of 5% for 2026 and later years
Retirees' share of benefit-related costs	Retirees contribute the funding rate plus 2% additional COBRA load.

Under GASB 75, allocation of actuarial present value of future benefits for services prior and after the measurement date was determined using entry age normal level percent of salary method where:

- Service cost for each individual participant, payable from date of employment to date of retirement, is sufficient to pay for the participant's benefit at retirement; and
- Annual service cost is a constant percentage of the participant's salary that is assumed to increase according to the payroll growth.

This discount rate was selected from a range of 3 indices: Bond Buyer Go 20-Bond Municipal Bond Index (2.74%), S&P Municipal Bond 20-Year High Grade Rate Index (3.26%), and Fidelity 20-Year Go Municipal Bond Index (2.75%). Based on these, the actuary used a discount rate of 3.26%.

Mortality rates were based on the RPH-2018 Total Dataset Mortality Table fully generational using Scale MP-2018 (RPH table is created based on RPH-2014 Total Dataset Mortality Table with 8 years of MP-2014 mortality improvement backed out, projected to 2018 using MP-2018 improvement.)

Health care trend rates use an initial rate of 8.0% decreasing by 0.5% annually to an ultimate rate of 5.0% in years 2026 and beyond.

Changes in the total OPEB liability are as follows:

Total OPEB Liability		
Balance at 12/31/2018	$	4,573,486
Service cost		187,629
Interest cost		192,225
Changes of benefit terms		—
Changes in assumptions		329,378
Differences between expected and actual experience		(224,422)
Benefit payments		(170,010)
Net change		314,800
Balance at 12/31/2019	$	4,888,286

Sensitivity Results

Sensitivity of the total OPEB liability to changes in the discount rate: The following presents the total OPEB liability of the Fire Districts, as well as what the Fire Districts' total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.26%) or 1 percentage point higher (4.26%) than the current discount rate:

As of December 31, 2019		Total OPEB Liability
1% Decrease	$	5,312,339
Current Discount Rate		4,888,286
1% Increase		4,503,600

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates: The following presents the total OPEB liability of the District, as well as what the District's total liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (7.0%) or 1 percentage point higher (9.0%) than the current healthcare cost trend rate:

As of December 31, 2019		Total OPEB Liability
1% Decrease	$	4,333,935
Current Health Care Trend Rates		4,888,286
1% Increase		5,540,284

OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB: For the year ended December 31, 2019, the District recognized OPEB expense of $366,838. At December 31, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Governmental Activities			
		Deferred Outflows of Resources		Deferred Inflows of Resources
Differences between expected and actual experience	$	—	$	(200,903)
Changes in assumptions		287,620		(161,817)
Total	$	287,620	$	(362,720)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	Deferred Outflows (Inflows) of Resources
Year ended December 31:	Governmental Activities
2020	(13,016)
2021	(13,016)
2022	(13,016)
2023	(13,016)
2024	(13,019)
Thereafter	(10,017)
	(75,100)

15. Postemployment Benefits Other Than Pensions - KPERS Disability & Death

Plan Description

The County participates in a multiple-employer defined benefit other postemployment benefit (OPEB) plan (the Plan) which is administered by the Kansas Public Employees Retirement System (KPERS). The Plan provides long-term disability benefits and a life insurance benefit for disabled members to KPERS members, as provided by K.S.A. 74-04927. The Plan is administered through a trust held by KPERS that is funded to pay annual benefit payments. However, because the trust's assets are used to pay employee benefits other than OPEB, the trust does not meet the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* Accordingly, the Plan is considered to be administered on a pay-as-you-go basis.

Benefits are established by statute and may be amended by the KPERS Board of Trustees. The Plan provides long-term disability equal to 60 percent (prior to January 1, 2006, 66 2/3) of annual compensation, offset by other benefits. Members receiving long-term disability benefits also receive credit towards their KPERS retirement benefits and have their group life insurance coverage continued under the waiver of premium provision.

The monthly long-term disability benefit is 60 percent of the member's monthly compensation, with a minimum of $100 and a maximum of $5,000. The monthly benefit is subject to reduction by deductible sources of income, which include Social Security primary disability or retirement benefits, workers compensation benefits, other disability benefits from any other sources by reason of employment, and earnings from any form of employment. If the disability begins before age 60, benefits are payable while the disability continues until the member's 65th birthday or retirement date, whichever occurs first. If the disability begins after age 60, benefits are payable while the disability continues, for a period of five years or until the member retires, whichever occurs first. Benefit payment for disabilities caused or contributed to by substance abuse or non-biologically based mental illnesses are limited to the shorter of the term of the disability or 24 months per lifetime.

The death benefit paid to beneficiaries of disabled members is 150% of the greater of 1) the member's annual rate of compensation at the time of the disability, or 2) the member's previous 12 months of compensation at the time of the last date on payroll. If the member has been disabled for five or more years, the annual compensation or salary rate at the time of death will be indexed using the consumer price index, less one percentage point, to compute the death benefit. If the member is diagnosed as terminally ill with a life expectancy of 12 months or less, the member may be eligible to receive up to 100% of the death benefit rather than having the benefit paid to the beneficiary. If a member retires or disability benefits end, the member may convert the group life insurance coverage to an individual insurance policy.

Employees Covered by Benefit Terms

As of December 31, 2019, the following employees were covered by the benefit terms:

Active employees eligible for coverage	2,561
Inactive employees or beneficiaries currently receiving benefit payments	37
	2,598

Total OPEB Liability

The County's total OPEB liability of $5,113,872, reported as of December 31, 2019, was measured as of June 30, 2019 (the measurement date), and was determined by an actuarial valuation as of December 31, 2018, which was rolled forward to June 30, 2019. $4,755,901 of this liability represents governmental activities and $357,971 represents business type activities.

Actuarial Assumptions and Methods

The total OPEB liability in the actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75%
Payroll growth	3.0%
Discount rate	3.5%

Mortality rates used for the death benefits were based on the RP-2014 adjusted for mortality improvement using Scale MP-2018.

Changes in the Total OPEB Liability

Total OPEB Liability	
Balance at 12/31/2018	$ 4,935,272
Service cost	525,500
Interest cost	202,863
Changes of benefit terms	—
Changes in assumptions	78,900
Differences between expected and actual experience	(186,785)
Benefit payments	(441,878)
Net change	178,600
Balance at 12/31/2019	$ 5,113,872

Changes of assumptions and other inputs reflect the changes in the discount rate each period. The discount rate decreased from 3.87% to 3.50%.

Sensitivity Results

The following presents the total OPEB liability as of December 31, 2019, calculated using the discount rate assumed and what it would be using a 1% higher and 1% lower discount rate.

- The current discount rate is 3.50%.
- The 1% decrease in discount rate would be 2.50%.
- The 1% increase in discount rate would be 4.50%.

As of December 31, 2019	Total OPEB Liability
1% Decrease	$ 5,321,269
Current Discount Rate	5,113,872
1% Increase	4,898,290

For the year ended December 31, 2019, the County recognized OPEB expense of $662,949. At December 31, 2019, the County reported deferred inflows of resources and deferred outflows of resources related to OPEB from the following sources:

	Governmental Activities		Business-Type Activities	
	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	$ 394,516	$ —	$ 29,695	$ —
Changes in assumptions	15,250	65,836	1,148	4,955
Total	$ 409,766	$ 65,836	$ 30,843	$ 4,955

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	Deferred Outflows (Inflows) of Resources	
Year ended December 31:	Governmental Activities	Business-Type Activities
2020	$ (60,835)	$ (4,579)
2021	(60,835)	(4,579)
2022	(60,835)	(4,579)
2023	(60,835)	(4,579)
2024	(60,835)	(4,579)
Thereafter	(39,755)	(2,993)
	$ (343,930)	$ (25,888)

Plan Report: The Plan does not issue a stand-alone audited GAAP - basis report.

Park and Recreation Component Unit OPEB KPERS Disability & Death:

At December 31, 2019, the following employees were covered by the benefit terms:

Active employees eligible for coverage	227
Inactive employees or beneficiaries currently receiving benefit payments	1
	228

The Park District's total OPEB liability of $254,933, reported as of December 1, 2019 was measured as of June 30, 2019 (the measurement date), and was determined by an actuarial valuation as of December 31, 2018. The results were actuarially rolled forward to June 30, 2019, using the following actuarial assumptions:

Inflation	2.75%
Payroll growth	3.50%
Discount rate	3.50%

Mortality rates used for the death benefits were based on the RP-2014 adjusted for mortality improvement using Scale MP-2018.

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study conducted for three years ending June 30, 2016.

Changes in the total OPEB liability are as follows:

	Total OPEB Liability
Balance at 12/31/2018	$ 260,586
Service cost	39,730
Interest cost	11,594
Changes of benefit terms	—
Changes in assumptions	3,943
Differences between expected and actual experience	(59,399)
Benefit payments	(1,521)
Net change	(5,653)
Balance at 12/31/2019	$ 254,933

Changes of assumptions and other inputs reflect the changes in the discount rate each period. The discount rate decreased from 3.87% to 3.50%.

Sensitivity Results

Sensitivity of the total OPEB liability to changes in the discount rate: The following presents the total OPEB liability of the Park District, as well as what the Park District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.50%) or 1 percentage point higher (4.50%) than the current discount rate:

As of December 31, 2019	Total OPEB Liability
1% Decrease	$ 264,711
Current Discount Rate	254,933
1% Increase	243,896

For the year ended December 31, 2019, the Park District recognized OPEB expense of $41,694. At December 31, 2019, the Park District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Governmental Activities		Business-Type Activities	
	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	$ (30,233)	$ —	$ (45,350)	$ —
Changes in assumptions	(2,886)	1,415	(4,329)	2,123
Total	$ (33,119)	$ 1,415	$ (49,679)	$ 2,123

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended December 31:		Deferred Outflows (Inflows) of Resources	
		Governmental Activities	Business-Type Activities
2020	$	(3,852) $	(5,778)
2021		(3,852)	(5,778)
2022		(3,852)	(5,778)
2023		(3,852)	(5,778)
2024		(3,852)	(5,778)
Thereafter		(12,444)	(18,666)
	$	(31,704) $	(47,556)

Plan Report: The Plan does not issue a stand-alone audited GAAP - basis report.

Fire District Component Unit OPEB KPERS Disability & Death:

The Fire Districts' total OPEB liability of $1,102, reported as of December 1, 2019 was measured as of June 30, 2019 (the measurement date), and was determined by an actuarial valuation as of December 31, 2018. The results were actuarially rolled forward to June 30, 2019, using the following actuarial assumptions:

Inflation	2.75%
Payroll growth	3.00%
Discount rate	3.50%

Mortality rates used for the death benefits were based on the RP-2014 adjusted for mortality improvement using Scale MP-2019.

Changes in the total OPEB liability are as follows:

Total OPEB Liability		
Balance at 12/31/2018	$	651
Service cost		1,113
Interest cost		68
Effect of plan changes		—
Effect of economic/demographic gains or losses		(758)
Effect of assumptions changes or inputs		28
Benefit payments		—
Net change		451
Balance at 12/31/2019	$	1,102

Changes of assumptions and other inputs reflect the changes in the discount rate each period. The discount rate decreased from 3.87% to 3.50%.

Sensitivity Results

Sensitivity of the total OPEB liability to changes in the discount rate: The following presents the total OPEB liability of the Fire Districts, as well as what the Fire Districts' total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.50%) or 1 percentage point higher (4.50%) than the current discount rate:

As of December 31, 2019	Total OPEB Liability	
1% Decrease	$	1,172
Current Discount Rate		1,102
1% Increase		1,029

For the year ended December 31, 2019, the Fire Districts reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

		Governmental Activities	
		Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience		116 $	(86,236)
Changes in assumptions	$	35 $	(3,184)
Total		151	(89,420)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	Deferred Outflows (Inflows) of Resources
	Governmental Activities
Year ended December 31:	
2020	(11,480)
2021	(11,480)
2022	(11,480)
2023	(11,480)
2024	(11,480)
Thereafter	(31,869)
	(89,269)

16. *Tax Abatement Disclosures*

Description. In August 2015, the GASB issued GASB Statement No. 77, *Tax Abatement Disclosures*. This Statement is intended to improve financial reporting relating to disclosures of tax abatement transactions. The required disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments that reduce the reporting government's tax revenues. The Statement became effective for the County's fiscal year ending December 31, 2017.

Johnson County economic development incentives are available under the County's Economic Development Incentives Policy for New Century Air Center, a general aviation reliever airport with a business park for industrial development. The policy was authorized under Resolution 062-12, which was adopted December 20, 2012. The policy promotes the development of NCAC as a strategic business location that complements the economic vitality of other Johnson County communities, and replaces the Economic Development Incentives Program adopted on August 11, 1994.

Property tax abatements are authorized under Kansas statutes KSA 12-1740 et. seq. and KSA 79-201a and subject to County policy. Abatements may not exceed a term of ten years by statute. The developer must demonstrate a positive cost/benefit to the various taxing jurisdictions by Kansas law. Other criteria for eligibility include: 1) significant addition to the local economy in terms of private capital investment (a minimum investment of $2,000,000) and increased direct and indirect employment opportunities, (2) the nature of the business either exports a substantial portion of its products/services from Johnson County or are for local consumption but would add new jobs and replace purchases now being made by Johnson County residents in areas outside of Johnson County, (3) preferences shall be extended to existing industries to facilitate expansion or retention, (4) no abatements granted for a relocation within Johnson County except under special circumstances detailed in the policy, (5) property owned by Johnson County and used exclusively for aviation purposes is eligible for 100% exemption from all ad valorem taxation, (6) except for projects mentioned in #5, no property tax abatement shall be in excess of 50% of the amount that would have been paid, and (7) projects must be in compliance with NCAC Comprehensive Compatibility Plan and Johnson County's Airport Vicinity Overlay Districts and Zones Regulations.

Any tax abatement granted shall be accompanied by a performance agreement between the applicant and the Board of County Commissioners subject to annual review by the BOCC to determine that the conditions qualifying the business for the incentives continue to exist and that assurances made by the applicant to induce the BOCC to grant the incentives are fulfilled.

Following are the current tax abatement programs entered into by the County as of December 31, 2019:

Johnson County's
Tax Abatements entered into as of December 31, 2019

Company Names	Tax being abated	Dollar amount of taxes abated	Name of abatement	Mechanism for abatement
Unilever	Ad Valorem Property Tax	55,675	EDX	Reduction of assessed value; 50%
Total		$ 55,675		

Johnson County cities have used tax abatements for many years to spur industrial and office development. Kansas statutes provide a process for cities to abate property tax on qualifying property. GASB 77 also requires disclosure information about tax abatements entered into by other governments affecting revenues of Johnson County.

Following are the current tax abatement programs affecting County revenues that have been entered into by cities in Johnson County as of December 31, 2019:

Other government tax abatement programs affecting Johnson County revenues
entered into as of December 31, 2019

Name of government	Tax being abated	Dollar amount of taxes abated	Name of abatement	Dollar amount(s) received from or due from other governments in association with (and offsetting) abated taxes	Quantitative threshold for disclosure of individual recipient (If applicable)	Information not reported due to legal prohibition
Bonner Springs	Ad Valorem Property Tax	$ 823	IRB	None	N/A	
DeSoto	Ad Valorem Property Tax	7,071	EDX	None	N/A	
DeSoto	Ad Valorem Property Tax	58,736	IRBX	None	N/A	
Edgerton	Ad Valorem Property Tax	2,036,012	IRBX	None	N/A	
Gardner	Ad Valorem Property Tax	530,106	IRBX	None	N/A	
Lenexa	Ad Valorem Property Tax	743,593	IRBX	None	N/A	
Lenexa	Ad Valorem Property Tax	14,922	IRB	None	N/A	
Olathe	Ad Valorem Property Tax	1,063,495	IRBX	None	N/A	
Overland Park	Ad Valorem Property Tax	339,138	IRBX	None	N/A	
Overland Park	Ad Valorem Property Tax	1,800	IRB	None	N/A	
Shawnee	Ad Valorem Property Tax	185,692	IRBX	None	N/A	
Spring Hill	Ad Valorem Property Tax	16,500	EDX	None	N/A	
Westwood	Ad Valorem Property Tax	7,812	IRB	None	N/A	
Total		$ 5,005,700				

17. *Prior Period Adjustment- Fire Districts*

Description. In 2019, the Fire Districts recognized prior period adjustments of $(819,899). Fire District No. 2 recognized a prior period adjustment in the amount of $140,813 due to an error in calculating compensated absences from the prior year. Northwest Consolidated Fire District recognized a prior period adjustment in the amount of $(141,172) due to an error in calculating compensated absences from the prior year. Consolidated Fire District No. 2 recognized a prior period adjustment of $(819,540) due to an error in calculating fixed assets from the prior year. The prior period adjustments required restatement of the Beginning Net Position from the prior year on the Statement of Activities.

18. *New Governmental Accounting Standards Board (GASB) Statements and Pending Pronouncements*

The Governmental Accounting Standards Board (GASB) has issued several statements not yet implemented by the County. The County's management has not yet determined the effect these Statements will have on the County's financial statements. However, the County plans to implement all standards by the required dates. The Statements which might impact the County are as follows:

GASB Statement No. 83, *Certain Asset Retirement Obligations*

This statement will be effective for the County beginning with its fiscal year 2020. Statement No. 83 addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability and a corresponding deferred outflow of resources for AROs when the liability is incurred and reasonably estimable. This statement also requires disclosure of information about the nature of a government's AROs, the methods and assumptions used for estimating the liability and the estimated remaining useful life of the associated tangible capital asset.

GASB Statement No. 84, *Fiduciary Activities*

This statement will be effective for the County beginning with its fiscal year 2020. Statement No. 84 improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when demands for resources has been made or when no further action, approval, or condition is required to be taken or met by the beneficiary to release the assets.

GASB Statement No. 87, *Leases*

This statement will be effective for the County beginning with its fiscal year 2022. Statement No. 87 improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resource based on the payment provisions of the contract. It establishes a single model for lease accounting based on foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*

This statement will be effective for the County beginning with its fiscal year 2020. Statement No. 88 improves information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*

This statement will be effective for the County beginning with its fiscal year 2021. Statement No. 89 enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period. It also simplifies the accounting for interest cost incurred before the end of a construction period.

GASB Statement No. 90, *Major Equity Interests*

This statement will be effective for the County beginning with its fiscal year 2020. Statement No. 90 improves consistency and comparability of reporting a government's majority equity interest in a legally separate organization, and improves the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment.

GASB Statement No. 91, *Conduit Debt Obligations*

This statement will be effective for the County beginning with its fiscal year 2022. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

GASB Statement No. 92, *Omnibus 2020*

This statement will be effective for the County beginning with its fiscal year 2022. Statement No. 92 enhances comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB statements.

GASB Statement No. 93, *Replacement of Interbank offered rates*

This statement will be effective for the County beginning with its fiscal year 2022. The objective of this statement is to address those accounting and financial reporting implications that result from the replacement of an interbank offered rate.

GASB Statement No. 94 *Public-Private and Public-Public Partnerships and availability payment arrangements.*

This statement will be effective for the County beginning with its fiscal year 2023. This statement provides uniform guidance on accounting and financial report for transactions that meet the definition of Public-private, public-public partnerships and availability payment arrangements. That uniform guidance will provide more relevant and reliable information for financial statements users and create greater consistency in practice.

19. Subsequent Event

Coronavirus disease (COVID-19) is an infectious disease caused by a newly discovered coronavirus. On March 11, 2020, the World Health Organization (WHO) declared COVID-19 a pandemic. On March 13, 2020, the Federal Government declared a national emergency, beginning on March 1, 2020. Johnson County's Stay at Home Order went into effect on March 24, 2020. On April 22, 2020, Johnson County Government received $116,311,033.60 from the Federal Government pursuant to the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). The CARES Act established the Coronavirus Relief Fund to provide $150 billion of direct payments to state, local, and tribal governments. Local governments with populations over 500,000 were eligible for direct payments. Johnson County plans to request a Fiscal Year 2020 budget amendment to appropriate the $116,311,033.60 of CARES Act money to fund costs related to the COVID-19 health emergency and recovery. Johnson County Government continues to monitor the financial impact of COVID-19, as it is an evolving situation.

Required Supplementary Information

Defined Benefit Pension Plans - Primary Government

Share of the Collective Net Pension Liability
Kansas Public Employees Retirement System
Last Seven Fiscal Years*

	2019	2018	2017	2016	2015	2014	2013
County's proportion of the collective net pension liability:							
KPERS (local group)	8.058%	7.962%	7.674%	7.630%	7.540%	7.501%	7.425%
KP&F (police & firemen)	9.134%	9.587%	9.205%	9.596%	9.326%	9.428%	10.079%
County's proportionate share of the collective net pension liability	$ 205,043,176	$ 203,220,402	$ 197,482,384	$ 207,155,870	$ 166,717,737	$ 154,149,390	$ 194,955,744
County's covered payroll ^	$ 191,460,203	$ 185,495,956	$ 180,720,055	$ 176,033,486	$ 170,475,855	$ 167,621,405	$ 165,160,382
County's proportionate share of the collective net pension liability as a percentage of its covered payroll	107%	110%	109%	118%	98%	92%	118%
Plan fiduciary net position as a percentage of the total pension liability	69.88%	68.88%	67.12%	65.10%	64.95%	68.60%	59.94%

* GASB 68 requires presentation of ten years. As of December 31, 2019, only seven years of information is available.

^ Covered payroll is measured as of the measurement date ending June 30.

Defined Benefit Pension Plans - Primary Government

Schedule of County's Contributions
Kansas Public Employees Retirement System
Last Seven Fiscal Years*

	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	$ 24,485,578	$ 23,466,335	$ 20,776,099	$ 21,610,866	$ 22,320,655	$ 19,062,423	$ 17,327,048
Contributions in relation to the contractually required contribution	(24,485,578)	(23,466,335)	(20,776,099)	(21,610,866)	(22,320,655)	(19,062,423)	(17,327,048)
Contribution deficiency (excess)	$ —	$ —	$ —	$ —	$ —	$ —	$ —
County's covered payroll ^	$200,361,830	$188,275,048	$ 186,956,144	$177,112,568	$174,516,244	$168,610,329	$166,408,377
Contributions as a percentage of covered payroll	12.22%	12.46%	11.11%	12.20%	12.79%	11.31%	10.41%

* GASB 68 requires presentation of ten years. As of December 31, 2019, only seven years of information is available.

^ Covered payroll is measured as of the fiscal year end December 31.

Defined Benefit Pension Plans - Park and Recreation Component Unit

KPERS and KPF Defined Benefit Pension Plans
Schedule of District's Proportionate Share of the Net Pension Liability
Last Seven Fiscal Years*

	2019	2018	2017	2016	2015	2014	2013
Park District's proportion of the collective net pension liability:							
KPERS (local group)	0.671%	0.630%	0.567%	0.534%	0.512%	0.499%	0.499%
KP&F (police & firemen)	0.265%	0.283%	0.246%	0.241%	0.231%	0.211%	0.208%
Park District's proportionate share of the collective net pension liability	$ 12,056,440	$ 11,310,073	$ 10,527,029	$ 10,515,091	$ 8,401,380	$ 7,535,867	$ 9,291,775
Park District's covered payroll ^	$ 13,762,232	$ 12,820,819	$ 10,946,129	$ 10,333,178	$ 9,665,005	$ 9,140,945	$ 8,834,280
Park District's proportionate share of the collective net pension liability as a percentage of its covered payroll	88%	88%	96%	102%	87%	82%	105%
Plan fiduciary net position as a percentage of the total pension liability	69.88%	68.88%	67.12%	65.10%	64.95%	66.60%	59.94%

* GASB 68 requires presentation of ten years. As of December 31, 2019, only seven years of information is available.

^ Covered payroll is measured as of the measurement date ending June 30.

Defined Benefit Pension Plans - Park and Recreation Component Unit

KPERS and KPF Defined Benefit Pension Plans
Schedule of District's Contributions
Last Seven Fiscal Years*

	2019	2018	2017	2018	2015	2014	2013
Contractually required contribution	$ 1,531,967	$ 1,405,706	$ 1,143,904	$ 1,114,286	$ 1,105,903	$ 998,773	$ 894,678
Contributions in relation to the contractually required contribution	(1,531,967)	(1,405,706)	(1,143,904)	(1,114,286)	(1,105,903)	(998,773)	(894,676)
Contribution deficiency (excess)	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Park District's covered payroll ^	$ 14,955,512	$ 13,177,432	$ 11,562,848	$ 10,842,012	$ 9,941,866	$ 9,302,027	$ 8,991,896
Contributions as a percentage of covered payroll	10.24%	10.87%	9.89%	10.28%	11.12%	10.74%	9.95%

* GASB 68 requires presentation of ten years. As of December 31, 2019, only seven years of information is available.

^ Covered payroll is measured as of the fiscal year end December 31.

Defined Benefit Pension Plans - Fire District Component Unit

KPERS and KPF Defined Benefit Pension Plans
Schedule of District's Proportionate Share of the Net Pension Liability
Last Two Fiscal Years*

	2019	2018
Fire District's proportion of the collective net pension liability:		
KPERS (local group)	0.0063%	0.0482%
KP&F (police & fireman)	0.6142%	0.5379%
Fire District's proportionate share of the collective net pension liability	$ 25,042,185	$ 22,044,894
Fire District's covered payroll ^	$ 13,353,831	$ 11,732,884
Fire District's proportionate share of the collective net pension liability as a percentage of its covered payroll	188%	188%
Plan fiduciary net position as a percentage of the total pension liability	69.88%	68.88%

* GASB 68 requires presentation of ten years. As of December 31, 2019, only two years of information is available.

Changes in benefit terms for KPERS. In the state fiscal year 2014, the KP&F group had a change in benefit terms. The Legislature increased this group's employee contributions to 7.15 percent and eliminated the reduction of employee contributions to 2.0 percent after 32 years of service. In addition, the maximum retirement benefit increased to 90 percent of final average salary (reached at 36 years of service). Before this change the maximum retirement benefit was limited to 80 percent of final average salary (reached at 32 years of service).

Effective January 1, 2014, KPERS 1 member's employee contribution rate increased to 5.0 percent and then on January 1, 2015, increased to 6.0 percent, with an increase in benefit multiplier to 1.85 percent for future years of service. For KPERS 2 members retiring after July 1, 2012, the cost of living adjustment (COLA) is eliminated, but members will receive a 1.85 percent multiplier for all years of service.

January 1, 2015, the KPERS 3 cash balance plan became effective. Members enrolled in this plan are ones first employed in a KPERS covered position on or after January 1, 2015, or KPERS 1 or KPERS 2 members who left employment before vesting and returned to employment on or after January 1, 2015. The retirement benefit is an annuity based on the account balance at retirement.

For the state fiscal year 2017, the KP&F group had a change in benefit terms. The Legislature changed the duty-related death benefit for KP&F members to the greater of 50% of Final Average Salary and member's accrued retirement benefit under the 100% joint and survivor option, payable to the member's spouse. Including any benefits that may be due to child beneficiaries, the total monthly benefits may not exceed 90% of the member's Final Average Salary. Prior to this bill, the duty-related spousal death benefit for KP&F member was 50% of the Final Average Salary, and the maximum available to the family was 75% of the member's Final Average Salary.

For the state fiscal year 2017, the Legislature changed the working after retirement rules for members who retire on or after January 1, 2018. The key changes to the working after retirement rules were to lengthen the waiting period for KPERS members to return to work from 60 days to 180 days for members who retire before attaining age 62, remove the earnings limitation for all retirees and establish a single-employer contribution schedule for all retirees.

Changes in assumptions for KPERS. As a result of the experience study completed in November 2016, there were several changes made to the actuarial assumptions and methods since the prior valuation. The changes that impact all groups were effective December 31, 2016 and include:

- The price inflation assumption was lowered from 3.00% to 2.75%.
- The investment return assumption was lowered from 8.00% to 7.75%.
- The general wage growth assumption was lowered from 4.00% to 3.50%.
- The payroll growth assumption was lowered from 4.00% to 3.00%.

Changes from the November 2016 experience study that impacted individual groups are listed below:

KPERS:

- The post-retirement healthy mortality assumption was changed to the RP-2014 Mortality Table, with adjustments to better fit the observed experience for the various KPERS groups. The most recent mortality improvement scale, MP-2016, is used to anticipate future mortality improvements in the valuation process through the next experience study.
- The active member mortality assumption was modified to also be based on the RP-2014 Employee Mortality Table with adjustments.
- The retirement rates for the select period (when first eligible for unreduced benefits under Rule of 85) were increased, but all other retirement rates were decreased.
- Disability rates were decreased for all three groups
- The termination of employment assumption was increased for all three groups
- The interest crediting rate assumption for KPERS 3 members was lowered from 6.50% to 6.25%.

KP&F:

- The post-retirement healthy mortality assumption was changed to the RP-2014 Mortality Table with 1-year age set forward and the MP-2016, is used to anticipate future mortality improvements.
- The mortality assumption for disabled members was changed to the RP-2014 Disabled Lives Table (generational using MP-2016) with a 1-year age set forward.
- The active member mortality assumption was modified to the RP-2014 Employee Mortality Table with a 1-year age set forward with a 90% scaling factor.
- The retirement rates for Tier 1 were lowered and the ultimate assumed retirement age was changed from 63 to 65 for Tier 2.
- The termination of employment rates for Tier 2 were increased to better match the observed experience.

Schedule of Changes in Total OPEB Liability and Related Ratios

Total OPEB Liability
Last Fiscal Year*

	2019	2018	2017	2016
Service cost	$ 1,330,340	$ 1,148,074	$ 1,159,107	$ 1,080,888
Interest cost	888,818	709,488	626,962	636,831
Changes in assumptions	(2,807,371)	(1,489,326)	(100,278)	917,434
Differences between expected and actual	(1,473,598)	1,824,670	—	(2,061,572)
Benefit payments	(768,626)	(839,853)	(795,825)	(914,260)
Net change in Total OPEB liability	(2,830,437)	1,353,053	889,966	(340,679)
Total OPEB liability - beginning of year	20,675,828	19,197,623	18,307,657	18,648,336
Total OPEB liability - end of year	$ 17,845,391	$ 20,550,676	$ 19,197,623	$ 18,307,657
Covered payroll	$ 189,755,723	$176,752,259	$168,736,620	$162,916,281
Total OPEB liability as a percentage of covered payroll	9.4%	11.7%	11.4%	11.2%

* GASB 75 requires presentation of ten years. As of December 31, 2019, only four years of information is available.

The following changes of assumptions for OPEB are in accordance with GASB 75:

- Allocation of actuarial present value of future benefits for services prior and after the measurement date was determined using entry age normal level percent of salary method where:
  - Service cost for each individual participant, payable from date of employment to date of retirement, is sufficient to pay for the participant's benefit at retirement; and
  - Annual service cost is a constant percentage of the participant's salary that is assumed to increase according to the payroll growth.
- Discount rate as of the Measurement Date has been updated to be based on a yield for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale) tax-exempt, high quality 20-year municipal bonds. The current full valuation uses a discount rate of 3.26%.
- Mortality rates were based on the RPH-2018 Total Dataset Mortality Table fully generational using Scale MP-2018 (RPH table is created based on RPH-2014 Total Dataset Mortality Table with 8 years of MP-2014 mortality improvement backed out. Projected to 2018 using MP-2018 improvement.

The health care trend rates use an initial rate of 8.0%, decreasing by 0.5% annually to an ultimate rate of 5.0% as shown below.

Year	Current	Year	Current
2020	8.0%	2023	6.5%
2021	7.5%	2024	6.0%
2022	7.0%	2025	5.5%
		2026+	5.0%

Schedule of Changes in Total OPEB Liability and Related Ratios - KPERS Disability and Death

Total OPEB Liability
Last Fiscal Year*

	2019	2018	2017
Service cost	$ 525,500	$ 521,196	$ 533,091
Interest cost	202,863	191,724	149,991
Changes in assumptions	78,900	(58,308)	(144,600)
Differences between expected and actual experience	(186,785)	(323,365)	—
Benefit payments	(441,878)	(456,399)	(412,692)
Net change in Total OPEB liability	178,600	(125,152)	125,790
Total OPEB liability - beginning of year	4,935,272	5,060,424	4,934,634
Total OPEB liability - end of year	$ 5,113,872	$ 4,935,272	$ 5,060,424
Covered payroll	$ 139,515,000	$ 135,439,000	$ 128,748,000
Total OPEB liability as a percentage of covered payroll	3.7%	3.6%	3.9%

* GASB 75 requires presentation of ten years. As of December 31, 2019, only three years of information is available.

No assets are accumulated in a trust to pay related benefits for this plan.

Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period:

- The discount rate increased from 2.85% on June 30, 2016 to 3.58% on June 30, 2017.
- The discount rate increased from 3.58% on June 30, 2017 to 3.87% on June 30, 2018.
- The discount rate decreased from 3.87% on June 30, 2018 to 3.50% on June 30, 2019.

Park and Recreation Component Unit

Schedule of Changes in Total OPEB Liability and Related Ratios

Total OPEB Liability Last Fiscal Year*	2019	2018	2017	2016
Service cost	$ 182,761	$ 198,529	$ 200,566	$ 146,937
Interest cost	115,258	109,451	94,141	71,706
Changes in assumptions	(1,569,990)	(521,007)	(16,886)	110,247
Differences between expected and actual	(42,001)	33,784	—	399,018
Benefit payments	(65,299)	(84,899)	(98,192)	(75,876)
Net change in Total OPEB liability	(1,379,271)	(264,142)	179,629	652,032
Total OPEB liability - beginning of year	2,653,880	2,918,022	2,738,393	2,086,361
Total OPEB liability - end of year	$ 1,274,609	$ 2,653,880	$ 2,918,022	$ 2,738,393
Covered payroll	$15,228,282	$11,907,847	$11,182,254	$10,005,361
Total OPEB liability as a percentage of covered payroll	8.4%	22.3%	26.1%	27.4%

* GASB 75 requires presentation of ten years. As of December 31, 2019, only four years of information is available.

The following changes of assumptions for OPEB are in accordance with GASB 75:

- Allocation of actuarial present value of future benefits for services prior and after the measurement date was determined using entry age normal level percent of salary method where:
  - Service cost for each individual participant, payable from date of employment to date of retirement, is sufficient to pay for the participant's benefit at retirement; and
  - Annual service cost is a constant percentage of the participant's salary that is assumed to increase according to the payroll growth.
- Discount rate as of the Measurement Date has been updated to be based on a yield for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale) tax-exempt, high quality 20-year municipal bonds. The current full valuation uses a discount rate of 4.11%.
- Mortality rates were based on the RPH-2018 Total Dataset Mortality Table fully generational using Scale MP-2018 (RPH table is created based on RPH-2014 Total Dataset Mortality Table with 8 years of MP-2014 mortality improvement backed out. Projected to 2018 using MP-2018 improvement.

The health care trend rates use an initial rate of 8.0%, decreasing by 0.5% annually to an ultimate rate of 5.0% as shown below.

Year	Current	Year	Current
2020	8.0%	2025	5.5%
2021	7.5%	2026+	5.0%
2022	7.0%		
2023	6.5%		
2024	6.0%		

Schedule of Changes in Total OPEB Liability and Related Ratios - KPERS Disability and Death

Total OPEB Liability Last Fiscal Year*	2019	2018	2017
Service cost	$ 39,730	$ 39,471	$ 37,575
Interest cost	11,594	10,172	7,305
Changes in assumptions	3,943	(3,090)	(6,902)
Differences between expected and actual experience	(59,399)	(28,085)	—
Benefit payments	(1,521)	(5,049)	(18,980)
Net change in Total OPEB liability	(5,653)	13,419	18,998
Total OPEB liability - beginning of year	260,586	247,167	228,169
Total OPEB liability - end of year	$ 254,933	$ 260,586	$ 247,167
Covered payroll	$ 11,649,830	$ 10,651,958	$ 9,408,445
Total OPEB liability as a percentage of covered payroll	2.2%	2.4%	2.6%

* GASB 75 requires presentation of ten years. As of December 31, 2019, only three years of information is available.

No assets are accumulated in a trust to pay related benefits for this plan.

Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period:

- The discount rate increased from 2.85% on June 30, 2016 to 3.58% on June 30, 2017.
- The discount rate increased from 3.58% on June 30, 2017 to 3.87% on June 30, 2018.
- The discount rate decreased from 3.87% on June 30, 2018 to 3.50% on June 30, 2019.

Fire District Component Unit

Schedule of Changes in Total OPEB Liability and Related Ratios

Total OPEB Liability	Last Fiscal Year* 2019	2018
Service cost	$ 187,629	$ 201,279
Interest cost	192,225	167,230
Changes in assumptions	329,378	(216,915)
Differences between expected and actual	(224,422)	(4,076)
Benefit payments	(170,010)	(139,237)
Net change in Total OPEB liability	314,800	8,281
Total OPEB liability - beginning of year	4,573,486	4,565,205
Total OPEB liability - end of year	$ 4,888,286	$ 4,573,486
Covered payroll	$ 9,564,732	$ 8,434,819
Total OPEB liability as a percentage of covered payroll	51.1%	54.2%

* GASB 75 requires presentation of ten years. As of December 31, 2019, only two years of information is available.

The following changes of assumptions for OPEB are in accordance with GASB 75:

- Allocation of actuarial present value of future benefits for services prior and after the measurement date was determined using entry age normal level percent of salary method where:
  - Service cost for each individual participant, payable from date of employment to date of retirement, is sufficient to pay for the participant's benefit at retirement; and
  - Annual service cost is a constant percentage of the participant's salary that is assumed to increase according to the payroll growth.
- Discount rate as of the Measurement Date has been updated to be based on a yield for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale) tax-exempt, high quality 20-year municipal bonds. The current full valuation uses a discount rate of 4.11%.
- Mortality rates were based on the RPH-2018 Total Dataset Mortality Table fully generational using Scale MP-2018 (RPH table is created based on RPH-2014 Total Dataset Mortality Table with 8 years of MP-2014 mortality improvement backed out. Projected to 2018 using MP-2018 improvement.

The health care trend rates use an initial rate of 8.0%, decreasing by 0.5% annually to an ultimate rate of 5.0% as shown below.

Year	Current	Year	Current
2020	8.0%	2025	5.5%
2021	7.5%	2026+	5.0%
2022	7.0%		
2023	6.5%		
2024	6.0%		

Schedule of Changes in Total OPEB Liability and Related Ratios - KPERS Disability and Death

Total OPEB Liability Last Fiscal Year*	2019	2018
Service cost	$ 1,113	$ 1,090
Interest cost	68	3,744
Changes in assumptions	—	(13)
Differences between expected and actual experience	(730)	(107,662)
Benefit payments		
Net change in Total OPEB liability	451	(102,841)
Total OPEB liability - beginning of year	651	103,492
Total OPEB liability - end of year	$ 1,102	$ 651
Covered payroll	$ 241,755	$ 221,003
Total OPEB liability as a percentage of covered payroll	0.5%	0.3%

* GASB 75 requires presentation of ten years. As of December 31, 2019, only two years of information is available.

No assets are accumulated in a trust to pay related benefits for this plan.

Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period:

- The discount rate increased from 3.58% on June 30, 2017 to 3.87% on June 30, 2018.
- The discount rate decreased from 3.87% on June 30, 2018 to 3.50% on June 30, 2019.

OFFICIAL BID FORM

PROPOSAL FOR THE PURCHASE OF
PUBLIC BUILDING COMMISSION OF JOHNSON COUNTY, KANSAS
LEASE PURCHASE REVENUE BONDS (CENTRAL RESOURCE LIBRARY PROJECT), SERIES 2020C

TO: Public Building Commission of the Johnson County, Kansas
c/o Thomas G. Franzen, Finance Officer

October 14, 2020

For $6,175,000* principal amount of Lease Purchase Revenue Bonds (Central Resource Library Project), Series 2020C (the "PBC Series 2020C Bonds"), to be dated November 10, 2020, as described in the Notice of Bond Sale dated on or about September 24, 2020 (the "Notice"), said PBC Series 2020C Bonds to bear interest as follows:

Stated Maturity September 1	Principal Amount*	Annual Rate of Interest	Yield	Stated Maturity September 1	Principal Amount*	Annual Rate of Interest	Yield
2021	$280,000	__________%	________%	2031	$305,000	__________%	________%
2022	265,000	__________%	________%	2032	310,000	__________%	________%
2023	270,000	__________%	________%	2033	315,000	__________%	________%
2024	275,000	__________%	________%	2034	320,000	__________%	________%
2025	280,000	__________%	________%	2035	330,000	__________%	________%
2026	285,000	__________%	________%	2036	335,000	__________%	________%
2027	290,000	__________%	________%	2037	345,000	__________%	________%
2028	295,000	__________%	________%	2038	350,000	__________%	________%
2029	300,000	__________%	________%	2039	360,000	__________%	________%
2030	300,000	__________%	________%	2040	365,000	__________%	________%

* Subject to change; see the Notice.

the undersigned will pay the purchase price for the PBC Series 2020C Bonds set forth below, plus accrued interest to the date of delivery.

Principal Amount $6,175,000.00*
Plus Premium (if any) .... ________________________
Total Purchase Price .... $________________________

Total interest cost to maturity at the rates specified .... $________________________
Net interest cost (adjusted for Premium) .... $________________________
True Interest Cost .... ____________%

☐ The Bidder elects to have the following Term Bonds:

Maturity Date	Years	Amount*
September 1, 20__	_________ to _________	$______________
September 1, 20__	_________ to _________	$______________

*subject to mandatory redemption requirements in the amounts and at the times shown above.

This proposal is subject to all terms and conditions contained in the Notice, and if the undersigned is the Successful Bidder, the undersigned will comply with all of the provisions contained in said Notice, including submittal of a wire transfer in the amount of 2.00% of the principal amount of the PBC Series 2020C Bonds payable to the order of the PBC, submitted in the manner set forth in the Notice as evidence of good faith. The transactions described herein may be conducted and related documents may be sent, received and stored by electronic means. All bid documents, closing documents, certificates, Resolutions and related instruments may be executed by electronic transmission. Copies, telecopies, electronic files and other reproductions of original executed documents (or documents executed by electronic transmission) shall be deemed to be authentic and valid counterparts of such documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law. The acceptance of this proposal by the PBC by execution below shall constitute a contract between the PBC and the Successful Bidder for purposes of complying with Rule 15c2-12 of the Securities and Exchange Commission and a bond purchase agreement for purposes of the laws of the State of Kansas.

[LIST ACCOUNT MEMBERS ON REVERSE]

Submitted by:_________________________________
By:__________________________________
Telephone No.(____)___________________________

ACCEPTANCE

Pursuant to action duly taken by the PBC, the above proposal is hereby accepted on October 15, 2020.

Attest:

____ Secretary

____ Chair

NOTE: No additions or alterations in the above proposal form shall be made, and any erasures may cause rejection of any bid. Email bids may be submitted to Baker Tilly Municipal Advisors, LLC at bondservice@bakertilly.com, and electronic bids may be submitted via ***PARITY***®, at or prior to 11:00 a.m., Central Time, on October 14, 2020. Any bid received after such time will not be accepted or shall be returned to the bidder.